
Commodity markets
Why prices are rising again
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Change at Europe's business school
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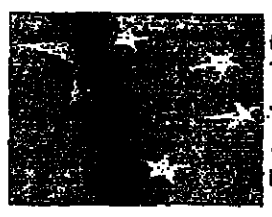
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The heights of fear

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY MAY 13 1994 — D8523A

Downturn pushes Fiat to record $1.1bn net loss

Italian industrial group Fiat announced the biggest loss in its 95-year history, and decided not to pay a dividend on ordinary shares for the first time since 1947. The worldwide economic downturn, in particular in Fiat's core vehicle market, drove the group into a net loss of L1,783bn ($1.1bn) in 1993, compared with a profit of L551bn in 1992. However, the group pointed to signs of recovery in the first quarter of 1994, and has drawn hope from faint signs of an upturn in the car market. Page 19; Recovery in car sales falters, Page 3

Senate votes to end Bosnia arms embargo: The US Senate voted to break the UN embargo on arms shipments to the Bosnian Moslems, adding to pressure on President Bill Clinton to become more aggressively involved in the Bosnian conflict. The House of Representatives still has to vote on the issue. Page 18

Chaos deepens at Africa bank: The African Development Bank sank further into chaos as its African and other owners failed to agree on action to combat mounting arrears, poor lending policies and disruptive feuds between senior officials. Page 18; Bank meeting runs into the sand, Page 4; Editorial Comment, Page 17

Chrysler protests over electric cars: Chrysler, North America's third largest carmaker, called on California to drop legislation requiring minimum numbers of electric cars to be sold in the state from 1998, claiming that battery technology is insufficiently advanced. Page 7

India delays test before Rao's US visit

India said it had postponed a missile test ahead of a six day visit by prime minister P.V. Narasimha Rao (left) to the United States, but said there was no intention to stop missile trials in spite of pressure from *Washington*. The US has been pressing both India and Pakistan to cap their nuclear programmes, but the action has caused a furore in the Indian media and political opposition. Rao is due to meet President Clinton on May 19. Rao tries to build bridge, Page 4

Grand Met discloses £40m cost: Shares in the international drinks and food giant Grand Metropolitan fell as the group disclosed that destocking in the US drinks market was likely to cost it £40m this year. Page 19; Lex, Page 18

Business chiefs in US-Japan talks: US and Japanese business leaders, frustrated by the lack of progress in trade talks, are planning proposals on how access to Japan's market can be measured and increased. Page 6

Greek socialists in U-turn: Greece's socialist government, which has already abruptly reversed its policy against privatisation, plans to reappoint the international investment bankers, Credit Suisse First Boston, it recently accused of demanding excessive fees. Page 3

Bad loans hit Hungarian bank: *Kereskedelmi* Bank, Hungary's second largest commercial bank, plunged to a Ft46bn ($450m) loss in 1993 after taking a heavy charge for bad loans. Page 19

NEC and Bull discuss link: Japanese electronics company NEC and Bull of France are discussing sharing the burden of developing a range of computers. Page 6

Foreigners wait to leave Yemen: Foreign nationals awaiting evacuation from Yemen gathered at Sanaa airport as fears grew that the civil war would soon engulf the country. Page 4

Bristol-Myers Squibb, second largest US pharmaceuticals company, joined the dash for corporate deal-making by buying a 25 per cent stake in German manufacturer Azupharma. Page 19

Lloyd's Names to borrow on profits: Lloyd's Names are to be allowed to borrow against this year's expected profits to help them meet an expected £2.5bn ($3.7bn) in losses for 1991. Page 9

Crackdown on computer software theft: Local police have raided companies and markets in Spain, Portugal, Italy and Poland during the past month as part of a Europe-wide crackdown on illegally copied computer software. Page 6

Formula One driver injured: Austrian Karl Wendlinger, 25, was in a critical condition with a serious head injury after crashing during practice for Sunday's Monaco Grand Prix.

■ STOCK MARKET INDICES

FT-SE 100:	3137.8	(+7.3)
Yield	3.87	
FT-SE Eurotrack 100	1460.98	(+4.86)
FT-SE-A All-Share	1580.45	(+0.2%)
Nikkei	20,224.24	(+74.11)
New York lunchtime:		
Dow Jones Ind Ave	3657.0	(+27.96)
S&P Composite	443.95	(+2.46)

■ US LUNCHTIME RATES

Federal Funds:	$3\frac{11}{16}$%
3-mo Treas Bills: Yld	4.211%
Long Bond	$84\frac{11}{32}$
Yield	7.524%

■ LONDON MONEY

3-mo Interbank	$5\frac{7}{16}$%	($5\frac{1}{4}$%)
Liffe long gilt future:	Jun $104\frac{1}{16}$	(Jun $103\frac{11}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (June)	$16.25	(16.05)

■ Gold

New York Comex (Jun)	$380.8	(382.7)
London	$379.0	(382.9)

■ STERLING

New York lunchtime:		
$	1.50015	
London:		
$	1.4994	(1.4886)
DM	2.5052	(2.4911)
FFr	8.5897	(8.5443)
SFr	2.1446	(2.1269)
Y	156.695	(155.509)
£ Index	80.1	(79.6)

■ DOLLAR

New York lunchtime:		
DM	1.66645	
FFr	5.7145	
SFr	1.42535	
Y	104.23	
London:		
DM	1.6708	(1.6735)
FFr	5.7288	(5.74)
SFr	1.4303	(1.4289)
Y	104.565	(104.47)
$ Index	65.7	(same)

Tokyo close Y 104.10

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	*Hong Kong*	*HK$18*	*Malta*	*Lm0.60*	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.60	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L30000
						UAE	Dh12.00

Struggle likely over succession ■ Pressure eased on Major as PM

Death of Labour leader leaves UK politics in turmoil

By Philip Stephens,
Political Editor, in London

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- Major's future seen as more secure
- Political shock waves rock right and left
- Strain may show during Euro-elections

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The sudden death of Mr John Smith, leader of the opposition Labour party, yesterday transformed Britain's political landscape, opening up the prospect of a protracted struggle to choose his successor and easing the pressure on Mr John Major's premiership.

The news of his death, after a heart attack at his London flat, stunned Westminster. It brought grief and confusion as it quickly became clear that the political implications spread far beyond the opposition.

His party was looking forward to following a strong performance in this month's local elections with a decisive victory in next month's elections for the European parliament, and – with a big opinion poll lead – to winning power at the next general election.

The 55-year-old Mr Smith had suffered a serious heart attack in 1988 but recovered fully after bypass surgery. He was the overwhelming choice of the party when *Mr Neil Kinnock* stood down as leader after Labour's defeat in the 1992 general election.

Mr Major led a chorus of tributes that spanned the political divide. Many of Mr Smith's shadow cabinet colleagues were unable to contain their grief at the loss of one of the most respected politicians of his generation.

As the government suspended all parliamentary business in deference to Mr Smith's family, Mr Major described Mr Smith as an "outstanding parliamentarian". His death was "the waste of a remarkable political talent".

Praising his honesty, integrity and brilliant House of Commons' style, Mr Major added: "I shall think of him as an opponent not an enemy and when I remember him I shall do so with respect and with affection."

The Queen sent a personal message of sympathy to Mrs Elizabeth Smith, his widow, and her three daughters. Mr Kinnock spoke of the "massive injustice" that Mr Smith had been deprived of the chance to lead his country. Mr Paddy Ashdown, the Liberal Democrat leader, spoke of Mr Smith's "sharp wit and deep personal warmth".

Mrs Margaret Beckett, Labour deputy leader who took over as acting party leader, was heard in stunned silence by hundred of MPs as she offered an emotional tribute from the Commons despatch box.

Mr Smith was pronounced dead at St Bartholomew's hospital yesterday morning after being rushed by ambulance from his flat in London's Barbican complex. He had suffered at least one and perhaps two heart attacks.

After an emergency meeting of the shadow cabinet, Mrs Beckett announced that the party would halt all campaigning for next month's European elections until after Mr Smith's funeral next week. Labour hopes the Conservatives and the Liberal Democrats will do the same.

It also deferred until later this month any move to begin the complicated electoral procedures to choose a successor. But at

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John Smith: He was 'deprived of the chance to lead his country', said former Labour party leader Neil Kinnock
Picture: Universal Pictorial Press

IBM claims advance in recording technology for CDs

By Alan Cane in London

Scientists in the US are claiming a breakthrough in recording technology which makes it possible to store several movies, 12 hours of music or 1m pages of printed text on a single compact disc.

The breakthrough could markedly influence the development of the "multimedia" revolution which promises to deliver new, interactive varieties of entertainment and information to television screens in the home and office.

It could also revolutionise the storage and retrieval of business *information*. At present companies store regularly used information in magnetic disc drives or "jukeboxes" of optical compact discs.

The new technique, developed by researchers at International Business Machines' Almaden research centre in San Jose, California, will multiply tenfold the amount of data that can be stored in a given space. Any item can be retrieved within 10 seconds, the researchers say.

Video games, training programmes and other multimedia applications should benefit from the enhanced quality of image and sound made possible by the IBM technique.

The essence of multimedia technology is the transformation of information of all kinds – video images, music, text and so on – into the digital computer language of bits and bytes in which it can be manipulated by computer and transmitted over telecommunications lines.

Storage of bits is expensive. Optical disc technology, in which lasers "read" marks on the metallised surface of a compact disc, has so far proved the most cost-effective solution.

The IBM breakthrough has been to glue individual compact discs together to form layered, three-dimensional stacks. Information anywhere in the stack can be read by focusing the laser beam on the appropriate layer. A 10-layer disc could store more than 1m pages of text.

As the technology develops "you could carry a small library

Continued on Page 18

Fall in output prices lifts US bonds and shares

By Michael Prowse
in Washington

US bond and share prices rebounded yesterday following reports of an unexpected decline in producer prices last month – a sign that the strong economic recovery is not yet putting much upward pressure on inflation.

Bond traders also reacted positively to news of an unexpected dip in retail sales. The decline, however, did not appear to indicate any loss of underlying economic momentum because sales figures for March were revised up substantially.

Most Wall Street analysts still expect the Federal Reserve to signal another increase in short-term interest rates next week in order to bolster the dollar on foreign exchange markets and prevent rapid economic growth eventually translating into higher inflation.

By midday in New York, the benchmark 30-year long bond was up a point, pushing the yield down to 7.497 per cent. As in recent days, share prices took their lead from bonds, with the Dow Jones Industrial Average gaining 26.48 to stand at 3,655.52 at noon.

The producer price index fell 0.1 per cent last month and by 0.4 per cent in the year to April, indicating that the recovery is, as yet, putting little upward pressure on wholesale prices.

Most forecasters had expected an increase of about 0.2 per cent last month. The Commerce Department said retail sales fell 0.8 per cent in cash terms last month, against Wall Street projections of an increase of about 0.3 per cent.

However, the level of sales was higher than expected last month because figures for March were revised up substantially to show a gain of 1.7 per cent rather than the 0.4 per cent reported earlier.

In the three months to April, retail sales were 8.6 per cent higher than in the same period last year. Many analysts expect the Fed to signal a half-point increase in short-term rates to 4.25 per cent next Tuesday following a meeting of its policy-making open market committee.

Some, however, predict an increase of only a quarter point, in line with the previous three tightening moves. "The Fed will raise rates by half a point

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Paris resists 'strong-arm' tactics in Orly route row

By Paul Betts in London
and John Ridding in Paris

UK may retaliate if France bans planned air services from London

Britain's confrontation with France over access to Orly airport in Paris heated up yesterday. The British government gave "full support" to UK carriers planning to start services from London to Orly on Monday while the French government said it would not bow to "strong-arm tactics".

The row threatens to undermine European efforts to liberalise air transport and to provoke fresh strains within the European Union.

Britain's Department of Transport said it was taking legal advice over possible retaliation should France ban UK airlines from landing at Orly on Monday.

"We are quite convinced that under European Union rules UK carriers have the right to fly to Orly," a British government official said, adding: "What we do ultimately depends on what happens on Monday."

Mr Bernard Bosson, French transport minister, said Paris rejected the "strong-arm tactics" being used by British Airways and Air UK, confirming Wednesday's declaration that London-Orly flights could not start on Monday.

The French minister reaffirmed his willingness to open the route, but said it was necessary to overcome problems, including congestion at Orly and environmental issues.

He said it would take "a maximum of a few weeks" to resolve these difficulties. "I'm absolutely flabbergasted that they are trying to force our hand," he added.

Both BA and Air UK confirmed they would go ahead with their flights to Orly on Monday.

British Midland, second largest UK scheduled carrier after BA, said it also felt "particularly aggrieved" by the French stance but planned to start services to Orly in September when it hoped "the mud had settled".

Mr Bosson also raised the issue of landing slots at London's Heathrow airport which he claimed was "hardly open to French carriers".

Mr David Holmes, BA's head of government affairs, said Air France had more flights than BA from Charles de Gaulle, the main Paris airport, to Heathrow. There were no restrictions on Air France flights to London.

Orly was less crowded than Heathrow and not as congested as London's Gatwick airport; and the French authorities "had no right to prevent our flights", he said.

Mr Holmes added that BA wanted to fly to Orly to offer consumers more choice. He said Orly offered better connections than Charles de Gaulle for French domestic routes and to African destinations.

BA's French affiliate, TAT, also planned to start Orly-London services on Monday, Mr Holmes said.

UK carriers regard the French move as an effort by Paris to delay the introduction of more competition at Orly at the expense of Air Inter, Air France's domestic subsidiary.

Mr Andrew Gray, Air UK's managing director, also dismissed French justifications for delaying the opening up of Orly to UK competition: "If there is a problem of congestion then why were we awarded our landing slots last November? We have ultra-quiet planes, so there is no environmental problem."

He warned that if flights were diverted from Orly on Monday, there was the possibility of similar action against French airlines travelling to London.

The dispute represented an "absolute test case of Europe's policy of airline deregulation", he said.

CONTENTS

TV news with a European identity crisis

David Buchan on the outlook for Europe's answer to CNN of the US

Up a country lane in the village of Ecully near the south eastern French city of Lyons are 150 people with high ambition struggling to match their high-tech.

As Euronews, Europe's first multilingual satellite TV news channel, set up 16 months ago, their ambition is to be Europe's equivalent to CNN of the US. However, despite a subsidy from the European Union, Euronews overran its budget last year by FFr50m, (£5.85m) and the deficit this year will be bigger. RAI and RTVE, the Italian and Spanish state TV networks which are two of Euronews's four main shareholders, are dragging their feet on a much-needed capital increase.

Euronews claims to reach an audience of 13.9m households through cable and 57m through terrestrial rebroadcast of its programmes, throughout the continent of Europe and north Africa. It does now, however, face something of an identity crisis, akin to that of Europe itself.

Is there enough of a common European consciousness for its future to lie in continuing to pump out programming – identical in everything but the soundtracks in five languages – 20 hours a day to the whole of its potential market? Or, as another main shareholder, France Télévision, now argues, would it not be better for Euronews to take on more national colouring to suit the big individual European markets?

Certainly, Euronews has no shortage of national material to draw on. Conceived by the public television members of the European Broadcasting Union, the Geneva-based grouping of 67 broadcasters, it is hooked into the EBU's daily Eurovision auction of programmes, as well as subscribing to the Reuters and WTN television services.

In addition, it can take material directly from its four big shareholders – the fourth is SSR of Switzerland – and 11 smaller ones that now include networks in three north African countries and one from Slovenia, the ex-Yugoslav republic.

But the very breadth of this material makes it hard for Euronews to establish a distinctive personality. Mr Jean-Claude Silvain, Euronews's administrative and financial director, wonders whether "there is such a thing as a European point of view on news" in the way that CNN, even CNN International, often seems to be "the view from Atlanta".

To a far lesser extent, Euronews is the view from Brussels or Strasbourg, home cities respectively of Europe's Commission and Parliament. Euronews broadcasts news on the EU and has a regular magazine programme on EU institutions.

Much Strasbourg coverage has been less than compulsive viewing, and has more to do with the subsidy to Euronews which the EU just doubled to FFr30m for this year. Mr Silvain would like to alter the nature of Euronews's relationship with the EU so that "instead of us getting automatically rewarded by Brussels simply for broadcasting in five Community languages, we would be paid for offering a genuine service".

A scene from Euronews's leading magazine programme, No Comment

That, however, raises the question of whether, or when, Euronews would have the resources to offer original programming. Mr Peter Vickers, Euronews's English language editor and the man responsible for news and current affairs, says the station will offer its own special programmes on the European Parliament election campaign this month and next.

But Euronews is uncertain whether to try to rise to the challenge of offering pan-European coverage of Euro-election results on the day. "It's obviously a big opportunity for us," says a journalist at Ecully, "but equally, we could fall flat on our faces."

There is a technical cause for Euronews's relative lack of personality. None of its journalists can appear on camera, for the obvious reason that they cannot speak five languages at the same time. Nor is dubbing possible; as one of the Ecully journalists says, "it takes 15 seconds to say in German what can be said in English in 10 seconds".

Without "talking heads" to fill in inevitable gaps, Euronews has had to make far greater use of graphics than, say, CNN. "Some 20-30 per cent of total output is taken up with tables, charts, maps, election results, or just credits," says Mr Patrick Lefko, its art director.

To fill the gaps in its finances as well as its programmes, Euronews would like more advertising. The company gives no figures on this, but Mr Richard White, Euronews advertising director, claims that advertising revenue for pan-European satellite stations is currently only between $120 and $150m a year, and even that is inflated by business booked in the US by CNN for its international service.

Advertising revenues in national European markets are, of course, much greater, and better adaptation to national markets is precisely what France Télévision, under its new boss, Mr Jean-Pierre Elkabbach, is now urging on Euronews. His particular interest is to use France Télévision's stake in Euronews to match plans by the dominant French private station, TF1, to start up an all-news channel this summer.

France Télévision has no intention of increasing the one hour of straight Euronews it carries on its FR3 regular channel already, says a spokesman, but rather to take the Euronews cable service and to adapt it "by mixing in more of our own national programming and news to attract more French viewers".

France Télévision has dubbed this hybrid plan "Euronews France", and sees no reason why similar hybrids of "Euronews Deutschland" or even "Euronews Britain" could not one day induce German TV stations and the BBC to drop their stand-offish attitude to Euronews.

The latter would then, says France Télévision, become just another "banque d'images" (picture bank) for Europe's national networks. That would hardly satisfy the ambitions of those at Ecully. But for the near future, they may find they have to choose survival rather than satisfaction.

EUROPEAN NEWS DIGEST

Russia hopes to rein in inflation

Mr Sergei Dubinin, Russia's finance minister, yesterday predicted that the inflation rate would be brought down to between 5 and 7 per cent a month by the end of the year. His comment follows Wednesday's parliamentary approval of a budget which goes some way to meeting the Russian commitment to the International Monetary Fund that it would rein in spending and curb inflation. Inflation has already come down to between 8 and 9 per cent a month from a high last year of nearly 30 per cent.

The Russian parliament has now approved the main budget indicators – including a deficit of Rbs70,000bn (£25.2bn), which, Mr Dubinin said, was within the target agreed with the IMF of 10 per cent of gross national product. Mr Dubinin saw this as "a vote of confidence in the economic policies of the government". The minister predicted that the fall in the value of the rouble would be significantly less than forecast when the budget was drawn up, coming at an average of Rbs2,600 to the dollar for the year against the forecast of Rbs3,000. The rouble stood yesterday at Rbs1,869 to the dollar.

■ Russia should press for inclusion of China in the group of leading industrialised countries, expanding it from a G7 to a G9 to include Russia and China, according to Mr Anatoly Adamishin, first deputy foreign minister. *John Lloyd, Moscow*

Germans curb foreign workers

A crackdown on illegal workers and tax evasion in the German construction industry found that almost 25 per cent of contractors were operating illegally. Raids by almost 3,000 police and customs officers in late April found that foreign workers were paid a fraction of German wages.

In all, 20,000 employers and workers – including some in catering and transport – were questioned in the biggest action of its kind so far, according to the German finance ministry. The raids were launched after complaints from trade unions and employers' organisations about low-paid foreign workers.

Employers can be fined up to DM100,000 (£40,140) for using illegal workers and over 120 have been taken to court, the ministry said. An Irish construction worker in Bonn said foreign workers were badly treated by middlemen who often disappear with their earnings. The middlemen receive about DM55 an hour for each worker they supply but the workers see only DM30 in the best cases. *Michael Lindemann, Bonn*

Bulgaria invests in N-plants

Bulgaria's National Electricity Company is to invest a further $200m (£134m) to upgrade and increase the safety of four Soviet-designed 440MW reactors at the troubled Kozloduy nuclear power complex. Kozloduy provides 40 per cent of the country's power output and cannot be phased out until alternative power sources are secured.

The National Electricity Company has already spent $50m upgrading the ageing power plants, which suffered from decades of poor maintenance and from an exodus of skilled workers after the collapse of the communist regime. Two of the four older reactors, dating from the 1960s, were declared unsafe by international inspectors in 1991 and closed for essential repairs before they were re-opened last year.

The European Bank for Reconstruction and Development is managing and co-ordinating a fund for improving safety at Soviet-era plants like Kozloduy. But western companies have been unwilling to play a full role in upgrading such plants until legal issues are resolved. *Anthony Robinson, London*

Portuguese airline lowers sights

Financially troubled national airline TAP-Air Portugal will reduce US-based staff by 40 per cent and close its New York sales office, an airline official said yesterday.

TAP will offer retirement packages to 39 employees in the first phase of a wider cost-cutting programme. The company will also study the possibility of ending service to Boston, Montreal and Toronto and flying only to Newark. The staff reductions and possible route changes would not go into effect before the end of the 1994 summer season, the official said.

In January the airline accepted a government bailout plan that would inject some $1bn over the next three years. The plan is being examined by the European Union. *AP, Lisbon*

Bids for Turkish N-project

Turkey has received bids from 18 foreign consortia to prepare studies for the country's first nuclear power plant. The US companies include Bechtel Power and Southern Electric. Among other bidders are Belgatom of Belgium, Korea Atomic Energy Research Institute in partnership with Hyundai Engineering, and the Nuclear Power Corporation of India.

The invitation to tender last month coincided with Turkey's worst financial crisis in a decade. However, without more plant capacity, energy officials predict Turkey will face power shortfalls as early as 1996. *John Murray Brown, Ankara*

Czechs rule out incentives

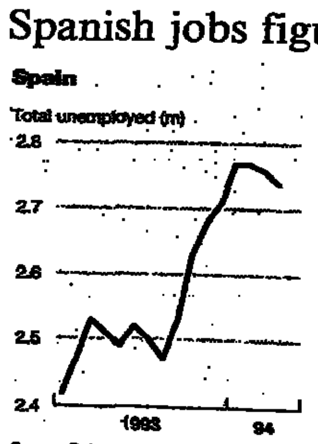
Czech premier Vaclav Klaus yesterday ruled out any further government incentives for foreign investment in the Czech Republic. Speaking at the opening of British electronics maker AVX's tantalum capacitor plant, he said it showed special incentives were not necessary for foreign investment to enter the country. AVX, the British subsidiary of a US electronics component maker which is part of the Japanese Kyocera Group, moved its production lines from Nuremberg, Germany. *Reuter, Lanskroun*

Romanian human rights move

Romania has signed a European convention giving its citizens the right of final redress at the European Court of Human Rights in Strasbourg. Mr Teodor Melescanu, foreign minister, described the signing of the 11th protocol of the European Convention on Human Rights as an important step in Romania's moves towards European standards of democracy. Romania has a controversial rights record. Its treatment of its 1.7m ethnic Hungarian and 2m gypsy minorities, as well as its ban on homosexuality, delayed restoration of most favoured nation trading status by the US. *Virginia Marsh, Bucharest*

ECONOMIC WATCH

Spanish jobs figures disappoint



Source: Datastream

Spanish unemployment fell by 24,800 in April to 2.74m, bringing the jobless level down by 0.9 per cent to 17.7 per cent of the labour force, the labour ministry said yesterday. Researchers at Banco Central Hispano said the April jobless total was disappointing and represented a seasonally adjusted increase of 8,000 to 2.69m. The ministry said 435,531 new jobs were registered in April, 14 per cent more than in April last year and the highest April total since 1991. *Tom Burns, Madrid*

■ Spain's GDP rose at a year-on-year rate of 0.5 per cent in the first quarter of 1994, the first such increase in five quarters, the Bank of Spain's latest economic bulletin said yesterday. It said GDP rose about 1 per cent in the quarter compared with the last three months of 1993. *Reuter, Madrid*

■ The Bank of Portugal yesterday lowered its injection rate to 10.75 per cent from 11.0 per cent and its absorption rate to 9.75 per cent from 10.0 per cent. The Bank also cut its overnight standby facility rate for resident banks to 11.75 per cent from 12.0 per cent. *AP-DJ, Madrid*

Greek socialists in new privatisation U-turn

By Kerin Hope in Athens

Greece's socialist government, which has already abruptly reversed its privatisation policy by announcing the partial flotation of OTE, the state telecoms company, now plans to re-appoint the same international investment bankers it accused a few months ago of demanding excessive fees.

The decision to bring back Credit Suisse First Boston and J Henry Schroder Wagg to handle the sale of 30 per cent of OTE through the Athens stock exchange is due to be announced in the next few days.

The government's choice is all the more surprising as senior socialist officials had earlier dismissed the possibility that CSFB would be recalled. CSFB had been openly attacked over the high fees it commanded as a leading adviser on privatisation to the previous conservative government,

One government adviser said to members of the governing Panhellenic Socialist Movement (Pasok) CSFB "appears an arrogant outfit that represents the unacceptable face of capitalism."

"On the other hand, bringing back the old team is the pragmatic solution. They worked on the listing for several months last year, so we can be more certain of getting the flotation done on time," he said.

The government hopes to realise about Dr300bn ($1.25bn) from the sale of 30 per cent of OTE. The offering would include an international tranche amounting to 12-15 per cent, to be sold to investors in Europe, the US and Japan.

The economy ministry is anxious for the deal to be completed this autumn, so that a portion of the funds raised can go towards covering a projected Dr500bn shortfall in budget revenue. The remainder would be used to upgrade OTE's fixed wire network.

Prime Minister Andreas Papandreou cancelled Greece's privatisation programme immediately after the socialists returned to power at last October's general election.

The conservatives' overall adviser on privatisation, N M Rothschild, was sacked, while separate agreements with CSFB and Schroders were frozen.

The widening revenue gap and the need to raise funds to modernise Greece's public utilities forced the government to change its policy two months ago.

Since then, confusion has surrounded procedures for appointing an adviser and lead underwriters for the sale. While bids were not formally invited, the economy ministry solicited offers from several international investment banks. Another half-dozen banks are understood to have submitted bids without waiting to be asked.

The ministry's plans for a "beauty contest" to assess bids from a shortlist of contenders, including Paribas, Lehman Brothers, Bear Stearns, Salomon Brothers and S J Warburg, were dropped last month without any explanation.

The government was understood to be looking for a bank that could replace CSFB in selling the international tranche, while retaining Schroders to structure the issue.

Under the conservatives' plan to sell 49 per cent of the company, CSFB was advising the government on the sale of a 35 per cent strategic stake to an international telecoms operator. CSFB and Schroders were appointed joint global co-ordinators and lead managers for the flotation of another 14 per cent of the company.

Recovery in car sales falters

By Kevin Done, Motor Industry Correspondent

The fragile recovery in west European new car demand was halted last month as sales fell by 1.6 per cent year-on-year to 1.08m, according to industry estimates.

New car sales were higher than a year ago in each of the first three months, but the market was hit last month by a sharp fall in demand in Germany as well as by lower sales in several of the smaller European markets.

In the first four months new car sales have risen by 3.8 per cent to an estimated 4.33m. Sales in the whole of 1993 plunged by more than 15 per cent, the steepest decline of the post-war period.

In Germany, the biggest single market in Europe, new car sales fell last month by an estimated 13 per cent to 295,000 and have declined by around 1.7 per cent to 1.16m in the first four months.

Sales fell last month in 10 of 17 markets across west Europe in contrast to the improvement of the first quarter. In the first four months of the year sales were higher than a year ago in 11 west European markets.

Last month new car demand remained strong in the four main Nordic countries and most importantly in France, where sales rose by 17.2 per cent year-on-year. The rate of growth slowed, however, in Spain, as well as in the UK, where consumer confidence has been dented by tax increases.

PSA Peugeot Citroën of France has drawn level with General Motors of the US (Opel in continental Europe and Vauxhall in the UK), in second place in the west European market.

Helped by the strong recovery in new car sales in France and in Spain – it is the market leader in both countries – the Peugeot Citroën group has increased its sales volume by an estimated 11.3 per cent in the first four months this year. It has raised its market share to 12.7 per cent from 11.8 per cent a year ago.

Japanese new car sales in west Europe have fallen by an estimated 6.3 per cent to 486,000 in the first four months, as Japanese carmakers struggle to keep their prices competitive under the impact of the rising yen.

Japanese carmakers without production in Europe have been hardest hit, with Mitsubishi sales falling by 18.9 per cent and Mazda sales declining by 8 per cent.

Mercedes-Benz increased sales volume by 39 per cent in the first four months of the year, helped by the launch last year of its C-Class executive range, overtaking arch-rival BMW.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-April 1994

	Volume (Units)	Volume Change(%)	Share (%) Jan-Apr 94	Share (%) Jan-Apr 93
TOTAL MARKET	4,332,000	+3.8	100.0	100.0
MANUFACTURERS:				
Volkswagen group	714,000	+0.9	16.5	17.0
– Volkswagen	469,000	–2.6	10.8	11.5
– Audi	115,000	–2.2	2.7	2.8
– Seat	111,000	+19.7	2.6	2.2
– Skoda*	19,000	+21.1	0.4	0.4
General Motors#	550,000	+4.7	12.7	12.6
– Opel/Vauxhall	526,000	+3.9	12.2	12.1
– Saab**	18,000	+30.6	0.4	0.3
PSA Peugeot Citroen	550,000	+11.3	12.7	11.8
– Peugeot	325,000	+7.7	7.5	7.2
– Citroen	225,000	+16.8	5.2	4.6
Ford#	510,000	+4.0	11.8	11.7
– Ford Europe	505,000	+3.9	11.7	11.7
– Jaguar	4,000	+9.5	0.1	0.1
Fiat group##	490,000	–0.3	11.3	11.8
– Fiat	379,000	+3.3	8.8	8.8
– Lancia	64,000	–9.8	1.5	1.7
– Alfa Romeo	42,000	–14.9	1.0	1.2
Renault	454,000	+3.3	10.5	10.5
BMW group†	266,000	+6.0	6.1	6.2
– BMW†	134,000	–0.7	3.1	3.2
– Rover†	132,000	+13.9	3.0	2.8
Mercedes-Benz	154,000	+39.2	3.6	2.7
Nissan	147,000	+0.1	3.4	3.5
Toyota	114,000	–5.9	2.6	2.8
Volvo	71,000	+22.1	1.6	1.4
Mazda	71,000	–8.0	1.6	1.8
Honda†	56,000	+2.8	1.3	1.3
Mitsubishi	42,000	–18.9	1.0	1.2
Suzuki	30,000	–20.8	0.7	0.9
Total Japanese	486,000	–6.3	11.2	12.4
MARKETS:				
Germany	1,160,000	–1.7	26.8	28.3
Italy	708,000	–6.9	16.3	18.2
United Kingdom	671,000	+14.1	15.5	14.1
France	638,000	+13.8	14.7	13.4
Spain	271,000	+13.3	6.2	5.7

*VW holds 31 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
†BMW owns 80 per cent of Rover group and is to acquire the remaining 20 per cent from Honda.
Source: Industry estimates

Lubbers throws hat into Euro ring

By Lionel Barber in Brussels

Mr Ruud Lubbers, the outgoing Dutch prime minister, yesterday entered the campaign to become the next president of the European Commission with a call for a crackdown on organised crime and illegal immigration in the European Union.

Mr Lubbers made his pitch to succeed Mr Jacques Delors in a speech in Aachen, Germany, on the future of Europe. His twin themes of law and order, as well as the need to tackle public insecurity over jobs, crime and drugs appeared aimed at coaxing Chancellor Helmut Kohl into backing his candidacy.

Chancellor Kohl is reported to have reservations about Mr Lubbers, who faces rival bids for the top executive post in Brussels from Sir Leon Brittan, the chief EU trade commissioner, and Mr Jean-Luc Dehaene, the Belgian prime minister.

Until yesterday, Mr Lubbers has remained silent about his political ambitions. But in his speech – delivered in honour of Mrs Gro Harlem Brundtland, the Norwegian prime minister and this year's winner of the Charlemagne prize, he managed to pay tribute to or mention almost all EU member states or prime ministers – with the exception of the UK.

The German presidency of the EU, which takes over from Greece on July 1, has pledged to give high priority to such issues as crime, joblessness and illegal immigration.

The 12 EU heads of government are expected to choose a successor to Mr Delors at the European summit in Corfu next month. A stand-off between Mr Dehaene and Mr Lubbers, both Christian Democrats, might delay a decision.

However, Mr Dehaene, whose candidacy remains undeclared despite encouragement from France and Germany, may withdraw to avoid a public contest.

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Masera: heavily canvassed

Test of independence for Bank of Italy

Will the bank or government prevail in choosing a new director, asks Robert Graham

For the second time in a year the Bank of Italy has to appoint a new member to its four-man governing directorate.

The departure of Mr Lamberto Dini to the treasury ministry yesterday opens up a delicate contest for his replacement as the director general, the bank's number two job.

At issue is whether his replacement will be sought from inside the Bank of Italy or whether the new Berlusconi government will seek to impose an outsider.

The latter solution would tend to undermine the Bank's hard won independent status, no matter the quality of the person chosen. An outsider would also risk having differences of view with Mr Antonio Fazio, the governor.

Mr Fazio himself was chosen a year ago over Mr Dini to replace Mr Carlo Azeglio Ciampi, who had agreed to become prime minister. This then required appointment of a new director, the choice falling on the chief banking supervisor, Mr Vincenzo Desario.

Any appointment has to be decided by the bank's 16-strong governing council, presided over by the governor, and then ratified in agreement with the treasury, the prime minister and the president of the republic. This complex mechanism allows a considerable variety of views and political pressures to enter into the choice, although the governor should have a major role.

Within the bank, the post by tradition of seniority should go to Mr Tommaso Padoa Schioppa, a brilliant and eclectic economist strongly wedded to the idea of European monetary union. He was also seen at one stage as Mr Ciampi's natural heir.

But those close to the new Berlusconi government have let it be known that his nomination would not be to their liking.

The populist Northern League would also like to use the occasion of Mr Dini's departure to introduce a fixed term of office for the governor.

Of the outsiders, the name most heavily canvassed is Mr Rainer Masera, who formerly worked in the bank and is currently chief executive of IMI, the finance institution. Another name suggested is that of Mr Mario Draghi, the director general of the treasury; but Mr Dini is expected to want to keep him at the treasury to help with privatisation and debt management.

The bank would prefer that the decision be taken without haste and not before the end of the month when Mr Fazio presents the governor's annual economic statement, the Bank of Italy's keynote assessment of the state of the economy and the task in the year ahead for the government.

● Milan magistrates yesterday filed papers requesting the passport be withdrawn from Mr Bettino Craxi, the former Socialist prime minister, who faces a string of charges of alleged corruption.

Mr Craxi has been living outside Italy for more than a month.

When the new parliament was sworn in two weeks ago, all members of the outgoing parliament automatically lost their immunity. At least 16 members of the last parliament have had their passports withdrawn.

African bank meeting runs into the sands

Leslie Crawford reports on an AGM with no agenda that is turning into a slanging match

The African Development Bank's annual general meeting in Nairobi is rapidly degenerating into a slanging match as negotiators from African and western countries – joint owners of the bank – fail to agree how to turn around the institution's ailing fortunes.

As a result of the impasse, there was still no official agenda for the meeting on the penultimate day of the proceedings. Bank governors, undelivered speeches in hand, finance ministers and other luminaries from more than 70 countries were beginning to wonder what they had come to Nairobi to discuss.

Negotiators were hoping for a last minute breakthrough to allow some vital decisions to be taken before the meeting ends today.

Two main issues divide donor countries and the African members of the bank: how to deal with the mounting arrears owed by impoverished African states and how to improve the efficiency of the chaotic and highly politicised bank.

Donor countries are demanding the clearance of arrears, which total $700m (£470m) on a disbursed loan portfolio of $8.4bn, stricter measures of creditworthiness, and time limits to tenure of the bank's president and executive directors, as a price for replenishing the AfDB's soft-loan arm, the African Development Fund.

"The problem of mounting arrears has grown to such proportions that it is now threatening the financial viability of the institution as a whole," Mr Ruud Treffers, the Dutch coordinator for the ADF replenishment negotiations, wrote to the board of governors.

Most African governors agree. "Member countries must clear their arrears to ensure the future sustainability of their own bank," says Mr J. Mtonga, Zambia's representative. "All this talk of African brotherhood should not obscure the fact that if they don't pay up, they will be handing over the bank to the non-African shareholders."

> 'All this talk of African brotherhood should not obscure the fact that if they don't pay up, they will hand the bank to non-African shareholders'

The "African character" of the bank is an issue close to the hearts of the regional governors. African countries own 66 per cent of the bank, which gives them control of bank policy. Some governors, however, believe donor countries are using the lever of soft-loan funds to extract a new equilibrium of power.

Mr Mtonga is against a proposal tabled by industrialised countries that would rank borrowers by their per capita incomes and limit access to AfDB loans to the wealthiest countries which could afford to repay the bank's commercial lending rates. "I do not want to see the Balkanisation of Africa," Mr Mtonga explains.

Perhaps the stricter credit ratings would be more palatable to African governors if donor countries were prepared to beef up the soft loan fund. But all indications are that the funds available will be substantially lower than the $3.4bn pledged three years' ago.

"Donor countries are imposing more conditions for less money. Frankly, we find this offensive," said a senior AfDB official, reflecting the African hurt.

Intimately linked to the problem of arrears, are the poor management and politically-determined lending policies that have damaged the bank's portfolio. A report conducted by external consultants,

> The proliferation of bureaucratic divisions in the bank was 'fertile ground for buck passing by bank staff' when problems arose

chaired by Mr David Knox, a former vice-president of the World Bank, said staff had been unable to keep up with the pace of growth in project lending. Little attention was paid to the quality of loans as opposed to quantity. Nobody assumed responsibility for overall project management. The consultants were unable to find a central file on a single project, and the proliferation of bureaucratic divisions in the bank was "fertile ground for buck passing by bank staff," when problems arose.

The report noted the unequal distribution of credit among Africa's 51 borrowing members. Almost half of the loans, it said, had been awarded to seven members: Nigeria, Morocco, Egypt, Tunisia, Algeria, Ivory Coast and Zaire.

Zaire has defaulted on its AfDB debts. It owes $250m to the bank. The Ivory Coast is $42m in arrears. Nigeria also owes $35m.

Industrial countries, which own one-third of the bank, want to see a "time-bound and monitorable" action plan to improve the lending policies of the bank and other recommendations contained in the Knox report.

The most intangible problem to be tackled is the question of governance.

Mr Babacar Ndiaye, the bank's Senegalese president, is on the warpath with certain north African members of the executive board. Mr Ndiaye accuses them of interfering with the day-to-day management of the bank.

Mr Pierre Moussa of Chad, who has served on the executive board for 19 years, alleges that Mr Ndiaye is an emotional man who takes any criticism over the running of the bank as a personal insult.

The six non-African executive directors are, for the moment, backing Mr Ndiaye, hoping he will clear up the administrative mess at the bank before he completes his second five-year term in 1995. There will be few supporters, however, for his re-election.

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Rao tries to build bridge to Washington

But India and US still find it hard to make progress in links, writes Stefan Wagstyl

India's prime minister P.V. Narasima Rao is due to start a six-day visit to the US tomorrow which will include a meeting with President Bill Clinton and an address to a joint session of Congress.

Both countries want to improve relations, blighted for decades by the Cold War, but are still finding it difficult to make progress despite growing economic ties.

It is a measure of the political distance between Delhi and Washington that this is the first trip to the US by an Indian prime minister since Rajiv Gandhi went in 1987.

The last US president to visit India was Jimmy Carter in the 1970s. The collapse of the Soviet Union, once India's greatest ally, has forced Delhi into a radical reassessment of its place in the world.

So has the decline of socialism, which has led India to abandon economic autarky and open its economy to global trade and investment. India in the 1990s wants good relations with the west, especially the US, as never before. The US is India's biggest export market and largest source of foreign investment, accounting for 42 per cent of the 1993 inflow of $2.4bn (£1.1bn).

But Indians do not embrace the US with open arms. Uncle Sam is still regularly burnt in effigy by protesters ranging from farmers to Hindu nationalists. Many Indians suspect the US means to get the better of India, whether in business or politics.

Indians are particularly concerned about Washington's relations with their sworn enemy Pakistan. They argue the US is biased towards Islamabad and against Delhi, citing the military aid given to Pakistan throughout the 1980s and, in the past year, Washington's controversial plan to deliver F-16 jets to Islamabad in return for a pledge from Pakistan to cap its nuclear weapons programme.

There is also a widely-held belief that perhaps the US does not treat India seriously enough. A 5,000-year-old history, leadership in the anti-colonial struggle and primacy among developing countries has convinced many Indians they deserve more attention in the US than they receive.

Some Indians find it hard to accept that a country accounting for less than 2 per cent of world trade may not merit much international attention in the hard-nosed 1990s.

President Clinton has inadvertently rubbed salt into this wound by failing to appoint an ambassador to Delhi in his 16 months in office. His first nominee, former Congressman Stephen Solarz, failed to pass the confirmation tests; his second, Mr Frank Wisner, a career diplomat, was nominated only yesterday.

The snub was compounded by a gaffe earlier this year when Ms Robin Raphel, an under-secretary of state, commented about the troubled north Indian region of Kashmir in a way suggesting to many Indians she was questioning India's territorial integrity. She later visited Delhi to clear up the "misunderstanding".

In the past month, nuclear non-proliferation has replaced Kashmir at the top of the agenda. As well as pressing Pakistan, Washington is asking India to cap its nuclear programme. US officials have revived proposals for a regional non-proliferation conference.

But India does not see non-proliferation as a regional issue; if talks are to be held, they must at least include China if not all nuclear countries, including the US, it says.

Mr Rao's trip to Washington will not resolve differences over non-proliferation or other controversial issues. But Indian and American officials hope it will contribute to better ties by focusing on areas where there are fewer arguments such as the need for more bilateral trade and investment.

Mr Rao is being accompanied by Mr Manmohan Singh, the reform-minded finance minister, and a business delegation. Among the Americans they will meet will be many of Indian origin. As one of the businessmen going on the trip says: "It's not as if we have nothing in common with the US. We even have thousands of people who belong to both countries. But when we talk politics we stupidly ignore these things."

Spratly oil contract irks China

China yesterday denounced Vietnam's contract with US oil company Mobil as a violation of Beijing's sovereignty in the South China Sea, but has pledged to settle all disputes peacefully, Reuter reports from Beijing.

The foreign ministry reiterated Beijing's claim to the entire area around the Spratly Islands, including an area where Mobil has said it would press on with offshore oil exploration work.

"China possesses irrevocable sovereignty over the Nansha Islands and the adjacent waters," Mr Wu Jianmin said, using China's name for the disputed group.

He said the Blue Dragon plot where Mobil wants to explore comes into the area of China's control in the waters "adjacent" to the Spratlys. Vietnam says the plot is part of its continental shelf.

The offshore row heated up last month when Crestone Energy of Denver said it had begun seismic surveys in an area immediately east of the Blue Dragon field. Beijing awarded the contract to Crestone in 1992.

Bank Leumi ex-chief 'guilty'

Former Bank Leumi chairman Ernst Japhet was found guilty of fraud yesterday, the 10th executive convicted for a 1983 scandal that cost the government more than $9bn, Reuter reports from Jerusalem.

The Jerusalem district court sentenced the nine others to up to eight months in jail last month. Japhet, 72, was tried separately, having only returned to Israel in January after a long, self-imposed exile to New York. His sentence is due to be imposed next week.

An Israeli soldier waves away a woman bearing a Palestinian flag in front of the police station in Jericho yesterday as a large crowd gathered in expectation of the arrival of a group of Palestinian policemen. However the main group of 300 Palestinian police were turned back by Israeli troops at the Allenby Bridge on their way from Jordan. Israeli officers demanded that Palestine Liberation Organisation chairman Yassir Arafat phone Israeli Prime Minister Yitzhak Rabin to give him the names of the 24 Palestinians who will administer Jericho and the Gaza Strip. *Reuter*

World Bank push to improve China environment

By Tony Walker in Beijing

The World Bank plans greater emphasis on environmental projects and education and less on infrastructure, in its lending to China, its largest borrower, Mr Ernest Stern, managing director, said in Beijing yesterday.

The bank would seek to encourage increased private involvement in power generation and other infrastructure projects. Mr Stern told an international business seminar. This would involve more co-financing arrangements.

"Private involvement in infrastructure can bring additional benefits that go beyond finance, including management expertise and new technology. In the globalised economy, those benefits are of increasing importance."

About 40 per cent of the World Bank's $16bn (£7.6bn) lending programme in China has been earmarked for infrastructure. Lending to China is now running at about $3bn annually.

Mr Stern said the bank's first big co-financing operation in China for a large power project in Jiangsu province, west of Shanghai, could serve as a model for other such ventures.

The Bank provided a $350m loan and guarantees for a $120m syndicated loan facility denominated in eurodollars and yen.

But he warned that much greater attention to the costs of environmental degradation was required not only in China but throughout East Asia.

"Carbon dioxide emissions per unit of GDP in East Asia are three times those of Latin America," he said. "China alone accounts for almost half of total carbon dioxide emissions from developing countries."

Air pollution in some Chinese cities was "chronically bad", less than a third of wastewater was subject to treatment, and an estimated 7m hectares of farmland had been degraded by excessive use of pesticides and fertilisers, he noted.

World Bank concern about the impact of China's rapid economic growth on the environment was reflected in the fact that environmental operations were the fastest-growing element of the bank's lending programme.

Recent loans included $150m to improve Shanghai's environment and water supply, and $250m to support pollution control and waste management in Jiangsu Province.

Egypt under fire for prison death

By Mark Nicholson in Cairo

Human rights watch, the Washington-based organisation, has written a strong letter of condemnation to Mr Hosni Mubarak, the Egyptian president, following the death during police detention of a 32-year-old lawyer, Mr Adbel Harith Madani, who was a member of the Egyptian organisation of human rights (EOHR).

The US organisation called on Mr Mubarak to take "immediate action to discover the circumstances and reasons for Mr Madani's death" and prosecute those responsible.

Mr Hassan al-Alfie, Egypt's interior minister, said Mr Madani "died of an attack of asthma" and it had "nothing to do with torture".

The Egyptian bar association has accused the police of killing Mr Madani saying police subjected him to electric shocks, whipping and set fire to his body. The EOHR said Mr Madani was arrested on April 26 and held incommunicado. They say his family was later informed on May 6 of his death, and that his body had been prepared for burial three days before they were told.

Mr Madani was apparently detained for his contacts with Islamic militants, some of whom he had defended in court. Thousands of fellow lawyers met at the bar association's offices earlier this week to protest at his death.

In its letter, human rights watch says government denials of the use of torture "ring increasingly hollow" in the face of "the accumulated weight of evidence, including scores of forensic medical reports prepared by government-employed physicians who have examined torture victims".

The EOHR says it believes 16 people have died from torture in Egyptian prisons since the start of 1993. It claims that up to 14,000 people at any time are in detention for their alleged contact with or membership of militant groups and that torture of such detainees is "methodical".

Hundreds wait to quit Yemen as fears grow that war will worsen

By Eric Watkins in Sanaa

Hundreds of foreign nationals awaiting immediate evacuation from Yemen gathered at Sanaa airport yesterday as fears grew that the civil war would soon engulf the entire country.

Many Yemenis were fleeing the capital, loading up their possessions and heading for the comparative safety of the countryside. Northern leaders broadcast assurances that they had no intention of bombing the south.

Military observers in Sanaa said yesterday that advances towards Aden from the north and east had been repelled by southern forces, but they could give no precise details of troop locations or of any further military movements.

British, Chinese, French, Indian, Syrian and US citizens were among those flocking to Sanaa airport, while other groups were reported to be travelling by road to the Red Sea ports of Hodeidah and Mocha for evacuation by sea.

British embassy officials, who are co-ordinating flights for their citizens, expected nearly 160 people of various nationalities to board two RAF Hercules. Earlier plans to send evacuees to Djibouti had to be cancelled because of growing congestion there, the officials said.

Many shops in Sanaa were closed and queues of up to 200 vehicles waited at filling stations for the increasingly scarce supplies of petrol. Yemenis normally use some 65,000 barrels a day, mostly produced at the refinery in Aden.

Fears among the northern population rose sharply following the explosion on Wednesday of a Scud missile launched by southern forces east of Sanaa. Some 23 people have been reported killed in the blast and many others injured. The target of the attack was apparently a nearby palace belonging to the northern leader, Gen Ali Abdullah Saleh.

Officials in Sanaa claim that the south has now launched some 20 Scuds against targets in the north. Meeting defence officials, President Saleh accused his southern rivals of targeting civilians and vowed retaliation. He repeated his earlier calls for the southern leader, Mr Ali Salem al-Biedh, to surrender, saying that Mr al-Biedh and other southern leaders would receive fair trials.

Oil dealer's row with Chevron threatens Caspian project

Steve LeVine on differences over the ownership and route of a pipeline from Kazakhstan's vast Tengiz oilfield

A conflict between the US oil company Chevron and Mr Johannes Deuss, the Bermuda-based Dutch entrepreneur once known as king of the world's oil traders, has become the biggest obstacle to construction of an oil pipeline from the energy-rich Caspian Sea to the west, according to western oil analysts.

Chevron plans to spend $20bn over 40 years developing Kazakhstan's vast Tengiz oilfield, which could be producing 700,000 barrels a day at its peak in 2010.

But problems over the export route for the pipeline and the composition of the pipeline consortium threaten to undermine the largest western-led energy project in the former Soviet Union.

The proposed pipeline consortium includes Russian and Kazakh state oil companies, as well as Chevron and the Oman Oil company, 100 per cent owned by the Oman government with a board made up of Mr Deuss and Oman officials, mostly from the oil ministry.

It is Mr Deuss's insistence that Oman Oil have a 33 per cent share of the pipeline consortium that has led to the latest impasse.

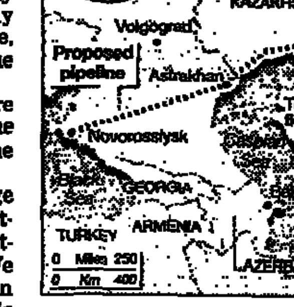
At issue is a proposal that Chevron would put up much of the capital for the pipeline, which will cost about $1bn. It would also guarantee to ship all Tengiz oil through the pipeline at an agreed rate. This would enable the other three partners to arrange western financing for their share of the capital costs.

Chevron, however, is reluctant to bear the burden of the capital financing and to see such a large portion of the transportation revenues going to Oman Oil. Analysts in Alma Ata, the Kazakh capital, say Chevron wants "significantly more" than a 25 per cent stake, and wants it to come out of the Oman Oil share.

The Kazakh authorities are reported to have set a deadline of June 1 for settlement of the dispute.

Mr Deuss "wants a huge equity stake in return for putting in no capital," said a western diplomat in Alma Ata. "We don't know if Deuss has gotten greedy, or if something else is going on."

Last month the World Bank declined to take part in financing the pipeline, a development which, according to an April 8 bank report, has put the consortium "in crisis".



The conflict is not the only obstacle to getting the region's oil flowing. Russia has demanded equity stakes in big oil and gas projects in former Soviet republics, slowing down the completion of contracts.

Russia's Lukoil has won a 10 per cent share in Azerbaijan's big Azeri, Chirag and Guneshli fields. Moscow also wants an equity share of the Tengiz field, as well as of Kazakhstan's huge Karachaganak natural gas field, to which British Gas and Agip, its Italian partner, have sole negotiating rights.

The World Bank report concludes that Kazakhstan "has little choice" but to surrender the equity shares. "Without Russian co-operation on pipelines, Kazakhstan cannot attract the high levels of foreign investment needed to develop its oil-gas sector," the report says.

But the emergence of international dealmakers such as Mr Deuss in the Caspian area, which could become one of the leading oil and gas producing regions of the world, has complicated negotiations between governments and international oil companies.

Mr Deuss, aged 52, once operated a Citroen dealership in the Dutch city of Nijmegen. But in the early 1980s he began buying oil in the Soviet Union and soon became one of the world's premier oil traders.

Mr Deuss has cultivated close relationships with the leaders of Oman, Kazakhstan and Russia.

He won the friendship of Oman's leaders when it was still paying a marketing premium to Saudi Arabia for handling its oil. In return, he was appointed president of Oman Oil Company. "Deuss showed them he could provide a better return for a lower price," said a western oil trader in Alma Ata.

In Kazakhstan Mr Deuss provided a timely loan exceeding $100m, earning him the trust of President Nursultan Nazarbayev. Thus, when the Tengiz deal seemed likely to be delayed indefinitely, Mr Deuss was able to get together Mr Nazarbayev and the other principals and get the deal signed in April 1993.

Mr Nazarbayev has rewarded Mr Deuss handsomely. Oman Oil received rights to two tracts on the Caspian's offshore northern shelf in a deal involving a six-company western consortium including British Gas and British Petroleum. Mr Deuss also has made a powerful friend in Russia's prime minister, Mr Victor Chyrnomyrdin, the former energy minister.

The three Caspian Sea republics – Kazakhstan, Azerbaijan and Turkmenistan – have studied various routes for transporting their energy to the west. Russia is pushing them to follow the route of existing pipelines to its Black Sea port of Novorossisk, a route that would allow Moscow to retain its monopoly grip on the region's oil supplies.

Kazakhstan and Azerbaijan appear to be succumbing to the pressure. Their favoured route now begins at Novorossisk, where the crude would be loaded on to tankers. Turkish worries about supertankers passing through the Bosporus Straits, site of a tanker collision in March, means that the oil might be transferred to a second pipeline to the Mediterranean. It would either traverse the Bosporus or Turkey's port of Samsun.

Einar Hareide
CHIEF DESIGNER/EXTERIOR OF THE NEW SAAB 900

It's nothing to do with logic. It's all about love.

In Sweden the average temperature is rather lower than we'd like it to be. And while our summers have a unique kind of beauty we can't pretend they're particularly long or hot.

Nevertheless, at Saab we have always had a passionate love affair with the convertible. It isn't remotely logical. But then, logic never did have anything to do with love. The result is a convertible you might want to take a look at: the new Saab 900 Convertible.

GRABBING THE SUN.

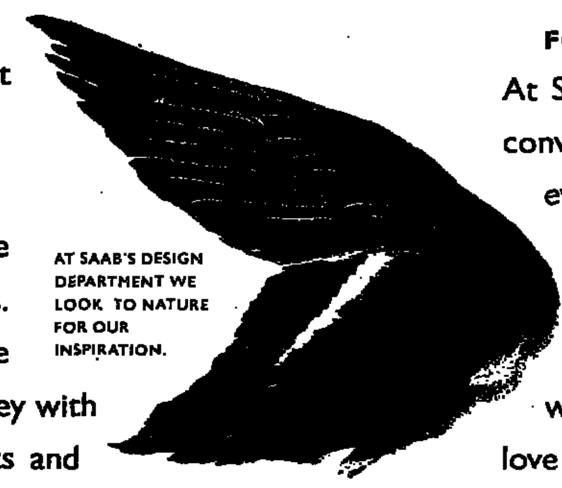
Almost any convertible looks good when the top is down. But at Saab we have a different set of priorities; we also have to make sure it looks good when the top is up. (That's because in Sweden it's rare that the top *isn't* up.)

And when that fleeting ray of sunshine comes we can't afford to waste time. We need to get that top down but fast. So we made sure the 900 Convertible's electro-mechanical action works smoothly and efficiently every time. Even at temperatures well below zero.

EAR PROTECTION.

The Saab 900 Convertible's top is also leak-proof and windproof. By which we don't simply mean that it protects you from the odd drop of gentle rain. We mean it's proof against the full force of the Swedish winter – including the very real hazard of frostbitten ears. Particularly useful if, like us, you do your driving uncomfortably close to the Arctic Circle.

Some convertibles have their back window made of plastic. The new 900 Convertible has one made of glass, complete with defroster. We like it because it keeps out the cold. You'll like it because it keeps out the noise.



AT SAAB'S DESIGN DEPARTMENT WE LOOK TO NATURE FOR OUR INSPIRATION.

PACK THE SKIS.

Being Swedish, we're dedicated organisers. We like to make sure we start every journey with all the necessary bits and pieces neatly in place. So we've taken pains to ensure the new Saab 900 Convertible has a wealth of luggage space.

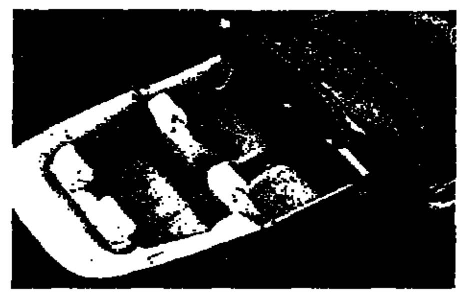
That's why the rear seat folds down and locks into position, giving you enough space to store a couple of pairs of skis.

That's why we made the storage compartment for the convertible top out of soft fabric – so you can fold the whole thing away when the top is up.

VERY SAAB.

In our excitement at building our ideal convertible we didn't forget that above all we are building a Saab. So the new 900 Convertible has all the other engineering and styling features you've come to expect.

It has ABS brakes and air bag as standard. Side collision protection in the doors. Seat-belt tensioners. Soft, impact-absorbing interior panelling. Front wheel drive to give you superb road-holding even in the worst conditions. Intelligently designed crash zones. Even a specially strengthened body designed to withstand one of those regrettable but sometimes unavoidable hazards of driving in Sweden – collisions with wild elks.



Engine options include a 150 bhp 2.3 litre. The all-new 170 bhp V6. And the exhilarating 185 bhp turbo.

And we even throw in a very Saab kind of luxury – the feel and fragrance of real leather upholstery.

FOR PERSONAL REASONS.

At Saab we've had a long-term love affair with the convertible. That's why we can't resist making them, even though conventional business practice dictates that we shouldn't make one at all.

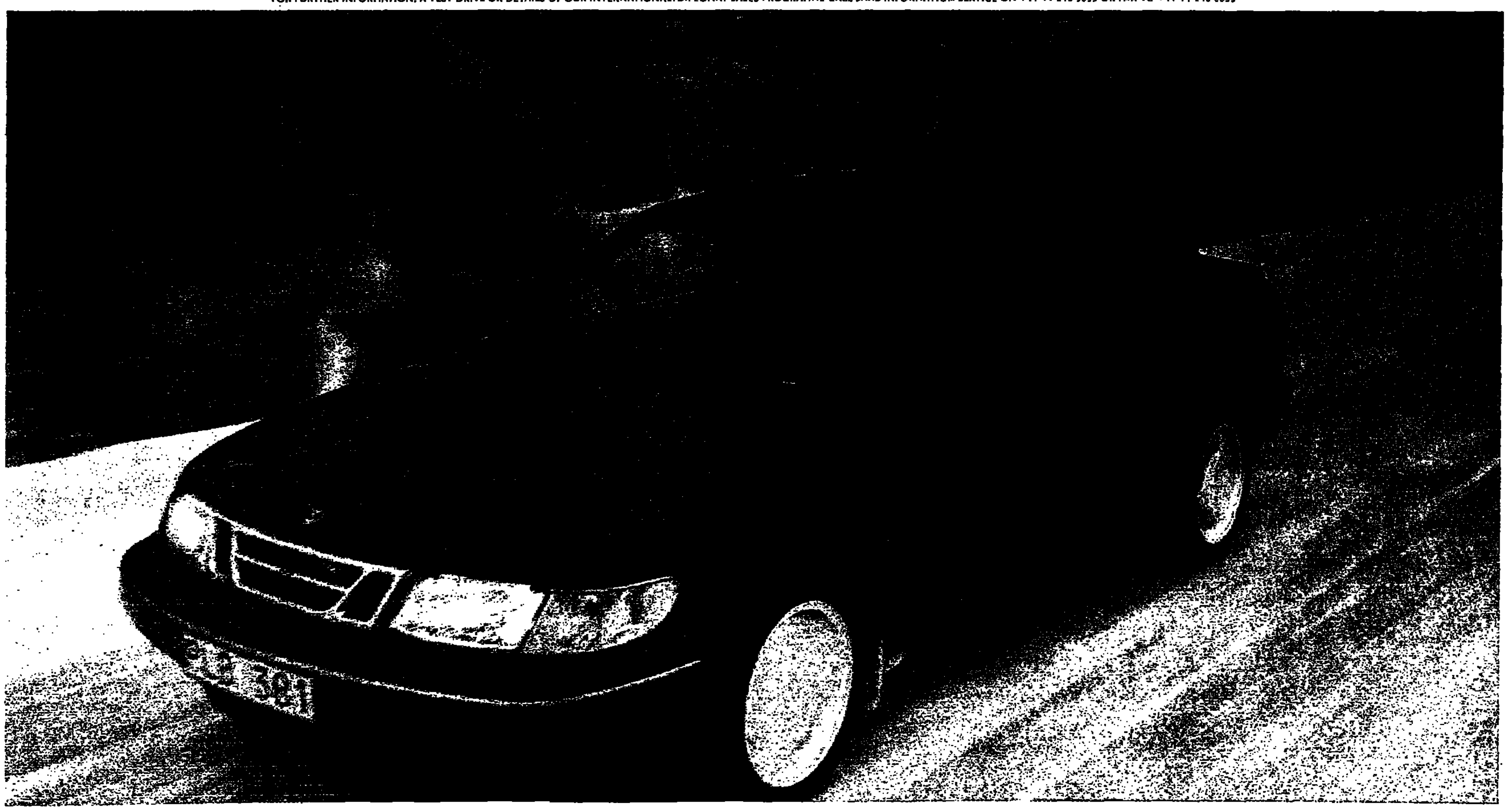
The result is the new Saab 900 Convertible. It's exactly the kind of convertible we always wanted to make. And we hope you're going to love it as much as we do.

Exactly why you might love it is up to you. Every Saab driver has his or her own reasons. We've simply tried to give you as many reasons as we can.

In fact, we have only one regret. We wish we had your weather rather than ours. Then we could put the top down just as much as you're going to.

SAAB

FOR FURTHER INFORMATION, A TEST DRIVE OR DETAILS OF OUR INTERNATIONAL/DIPLOMAT SALES PROGRAMME CALL SAAB INFORMATION SERVICE ON +44-71 240 3033 OR FAX TO +44-71 240 6033



Introducing the new Saab 900 Convertible.

Private group seeks to break impasse

US-Japan business chiefs in trade talks

By Michiyo Nakamoto and Emiko Terazono in Tokyo

US and Japanese business leaders, frustrated by the lack of progress in the two countries' trade talks, are taking it upon themselves to try to break the impasse.

The Japan-US Business Council, a private sector group representing leading businesses in the two countries, is planning to put together its own proposals on how access to Japan's market can be measured and increased. They will also consider how the country's perenially high trade surplus can be reduced to more internationally acceptable levels.

Mr Yotaro Kobayashi, chairman of the Japan-US Business Council and chairman of Fuji Xerox, the office equipment maker, said yesterday he expected that the compilation of a list of ways to measure market access would be a prime candidate for a special task force expected to be set up by the Council in July.

Mr Kobayashi, who was highly critical of the Japanese government's resistance to US proposals on measuring market access, said foreign access to Japanese markets should be evaluated by "objective criteria" which would not need to be a specific number of sales or market share figures.

"If the private sector can really use this process to monitor what is happening we can really do much better than the governments," Mr Kobayashi said. He noted that deregulation was 50 per cent a private sector issue.

"During the past few months (the private sector has) managed to discuss very delicate issues such as insurance and auto parts," he said. Business people have also started to express more loudly their own views and "of the need to change gear in order to be more productive."

The precarious state of the Japanese government also calls for the private sector to step in, Mr Kobayashi indicated.

The government, aware of the short time left before the Naples G7 summit at which the two sides were supposed to reach some agreement on the stalled framework trade talks, has also begun its own lobbying to resume negotiations with the US.

NEC and Bull discuss link

By Michiyo Nakamoto

NEC, the Japanese electronics company, and Bull of France, are discussing sharing the burden of developing a range of computers, the Japanese company said.

The two companies are negotiating details of a deal through which they would share the development of next generation computers, including mainframes and middle-range machines, NEC said. Personal Computers were not, however, included among seven areas of co-operation that were under discussion, the company noted.

The agreement, if finalised, would considerably reduce the burden of development for both NEC and Bull, in which the Japanese company has a 4.43 per cent equity stake.

NEC has been supplying Bull with mainframes which the French company has been marketing in Japan on an original equipment manufacturing basis, under its own brand name.

If the latest talks bear fruit, NEC might draw on Bull's strengths in manufacturing of computer boards and the central processing unit in making next generation models, NEC said.

Such a step would help Bull to reduce the cost of buying mainframes from NEC, while at the same time enable the company to utilise its resources more effectively. It would also help NEC by reducing its development costs.

NEC and Bull are also in negotiation for Bull to sell NEC supercomputers in Europe.

Fear of China cap on power profits

Louise Lucas and Simon Holberton on rumours of investment return limits

Foreign companies and investors with an interest in China's capital-hungry power industry have been thrown by reports Beijing is planning an unacceptable limit to the profits they can earn from electric power.

China will spend more than $120bn over the next decade if it is to realise its planned power expansion. Foreign companies and large investors are lining up.

ABB Asea Brown Boveri, the Swiss-Swedish power engineering group, plans to invest $500m over the next four years. Mr George Soros, the US investor and speculator, has set up funds totalling $3.5bn with both GE Capital and Peregrine Capital, the Hong Kong based brokerage and corporate financier, to tap such opportunities in Asia, especially China.

ABB has built four power stations in China and operates there through 11 joint ventures. But earlier this week Mr Percy Barnevik, its chairman, said attempts to limit returns to foreigners would deter investment.

For the past few weeks rumours have been circulating among project financiers that Beijing will limit to 12 per cent the return investors can earn on power projects on the mainland. It is not clear whether the rate of return referred to is on equity or capital employed.

Mr Nick Hann, manager with Wardley Capital, says: "If the project internal rate of return is 12 per cent (assuming it is funded with 100 per cent equity), then you have an option to increase your return to shareholders by gearing the project up. Our understanding is that the 12 per cent return is on the whole project, which gives the possibility of getting up to around a 16 per cent internal rate of return to the shareholder."

Some investors, however, see the rumoured change as no more than part of a rational redesign of the electric power industry.

Executives at Salomon Brothers, the US investment bank, say there may have been a misunderstanding and investors and their advisers have got the wrong end of the stick. This week Salomon Brothers is taking representatives of 40 of America's biggest fixed-income investors on an Asian tour, including China and its power industry.

Mr Lindley G. DeGarmo, head of Salomon's global independent power group, says he has been told by Chinese officials that the 12 per cent figure refers to the return on assets which is deemed appropriate for already established power generation facilities in China.

Earning a positive investment return is part of the government's attempt to reduce subsidies to industry which come from the under-pricing of electricity to consumers. To achieve this the authorities want to push ahead with tariff increases so that within three to four years these purely state-owned power plants will earn 12 per cent on assets employed.

Mr DeGarmo says that for foreign joint venture power plants the Chinese government appears prepared to allow returns of 15 to 20 per cent on capital employed. Allowing for a large slice of debt financing this would push up the returns available to equity investors. He believes foreign-funded ventures will be assessed on a case-by-case basis.

Soros, left, and Wu: investors with other opportunities

Other advisers report a variety of financing methods which various regional governments and agencies have suggested to would-be investors to control profits. One example is offering guaranteed rates of return on foreign investment by indexing the price paid for the electricity. Alternatively, Chinese authorities can set an electricity price which will in effect cap the return at desired levels.

At present there are just two examples of limited recourse to power project financing in China, both installed by Mr Gordon Wu's Hopewell Holdings and now operated by its spin-off, Consolidated Electric Power Asia. For the rest, foreign interests have generally played a minority role and the lending has been fully guaranteed, normally by Beijing.

Mr Wu secured a two-pronged financing package for Shajiao C, located in Guangdong's Pearl River delta, in December 1992 which provided for an early completion bonus, and thereafter a standard operating rate, where any increase in the cost of raw materials, such as fuel, will be countered by a rise in the cost of electricity.

For investors, says Mr Hann, the risks of projects such as these are largely to do with construction and, to a limited extent, the level of output.

"We have been approached on at least 60 large-scale power projects, all with substantial companies interested in them," he says. "Unfortunately, only a fraction of these will get foreign financing: there is a great deal of difficulty in putting in place a structure that is sufficiently robust to achieve foreign project financing, and that difficulty has been compounded by the foreign exchange changes introduced earlier this year."

On January 1, Beijing abolished the official exchange rate and announced plans to do away with the swap centres around the country and replace them with a centralised electronic network.

For lenders looking for reliable revenues in foreign exchange, this switch changed the game in three significant ways:

- It prevents electricity prices being denominated in foreign exchange.
- Guarantees can only be provided in yuan, which makes them worth less than hard currency guarantees.
- People no longer have easy access to the swap markets to convert money following the restructuring of the foreign exchange markets.

In the absence of a government or joint venture partner guarantee, investors must ensure firm off-take obligations by a creditworthy company and a firm fuel supply if they are to sleep easily at nights. But China is not yet a country where such obligations are easily won.

Mr Hann believes the obstacles which have been put in the way of foreign investors this year will push projects into the hands of the sovereign backed credit agencies, which are less concerned about the convertibility risks of the yuan, such as the US Exim-bank.

In the meantime investors may look elsewhere. As Mr Wu points out, there is no shortage of opportunities for investors interested in power projects in the rest of Asia and Beijing officials may come round to the realisation that it is better to have the lights on, even if it means foreigners earning higher profits than officials would like.

European crackdown on computer software theft

By Alan Cane

Local police have raided companies and markets in Spain, Portugal, Italy and Poland as part of a Europe-wide crackdown on illegally copied computer software.

The raids, in the past month, were ordered by the local courts after representations by the Business Software Alliance, an organisation of principally US-based computer companies dedicated to eliminating software theft.

The companies investigated included the Spanish airports authority, AENA, and the Portugese financial services company Uniao de Bancos Portugueses. Special software was used to test software on personal computers at AENA which led, BSA says, to "a strong suspicion of the unauthorised copying of a wide variety of software".

The software companies involved included, among others Aldus, Autodesk, Computer Associates and Microsoft. The AENA was investigated after an anonymous telephone tip-off.

Mr Javier Ribas, a BSA counsel, said rates of software piracy in Spain were among the highest in Europe: "The software industry in Spain lost more than £330m ($481.8m) in 1993 as a result of piracy."

The search team sent in to Uniao de Bancos Portugues found about 300 suspected illegal copies of computer programs published by Lotus Development and Microsoft. Many of the disks carried identical serial numbers, a common indication of illegality.

In Italy some 10,000 illegal floppy disks were seized in an operation which resulted in complaints being filed against eight owners of shops and companies in the Milan area. Software experts estimate illegal copying is costing software houses some L400bn (£166.5m) a year in Italy

The operation in Poland centred on a computer software exchange and market in Warsaw; diskettes were seized some of them containing illegally copied programs.

Mr Evan Cox, the BSA's European counsel, said that since the passage in 1992 of an EU software directive designed to outlaw software piracy European countries have been amending their copyright laws to comply with the directive.

In Italy, for example, which used to one of Europe's black spots, the rate of software piracy dropped to 50 per cent in 1993 from 86 per cent in 1992 after legislation was passed.

Malaysian car project costs set to increase

By Kieran Cooke in Kuala Lumpur

The rise in the value of the yen is causing problems for Malaysia's second national car project, due to start operations later this year.

Perusahaan Otomobil Kedua (Perodua), a consortium of Malaysian companies, is due to begin manufacturing the Kancil, or Mouse Deer, 660cc car in September. Daihatsu of Japan is partnering Perodua in the project.

The Kancil had been aimed at the lower end of the market with a cost of about M$24,000 ($9,200). However rising import costs from Japan could push up the price.

Since the Kancil project was announced two years ago the yen has appreciated by more than 30 per cent against the ringgit, the Malaysian dollar. Mr Ho Tet Kheong, Perodua's chief executive, said that up to 50 per cent of the content of the Kancil will be sourced from Japan in the initial stages of production.

"We are looking at ways of absorbing the cost but prices could rise" said Mr Ho. "We are also seeking the government's assistance."

Perodua plans to produce an initial 25,000 cars a year at its plant outside Kuala Lumpur.

Malaysia already produces the Proton car in partnership with Mitsubishi. Proton now has a more than 70 per cent share of the local market.

Last year over 17,000 Protons were exported, mostly to Britain.

Russia to purchase German carriages

By Quentin Peel in Bonn

The Russian government has agreed to buy some 500 railway carriages worth DM500m (£200m) from Deutsche Waggonbau, east Germany's leading railway equipment manufacturer, in a deal which should save some 2,000 jobs.

Agreement to go ahead with the contract, in spite of the severe shortage of hard currency in Russia, was reached by Mr Günter Rexrodt, the German economics minister, and Mr Alexander Shokhin, his Russian counterpart, in the wings of President Boris Yeltsin's current official visit to Germany.

The deal is still for rather less than the DM910m outstanding from an original Russian order, placed in 1991, but suspended because of the payments' problems.

The new order will have full cover from Germany's Hermes export credit insurance agency.

"The workforce at Deutsche Waggonbau, especially at Ammendorf (near Halle) can finally breathe easily," Mr Rexrodt said in Bonn.

He said the Russians were also considering taking a shareholding in the east German enterprise, one of those which has yet to be successfully sold by the Treuhand privatisation agency.

The future of Deutsche Waggonbau is particularly sensitive for the German government, because of state elections to be held next month in Saxony-Anhalt, where the Ammendorf plant is situated.

Consortium named to build Portuguese dam

By Peter Wise in Lisbon

Electricidade de Portugal, the state-owned power producer and distributor, has awarded a Es15.7bn (£61.28m) contract to build the country's biggest hydro-electric dam to a consortium of French, Spanish and Portuguese companies.

The 136m-high dam at Vila Nova de Foz Coa in north-eastern Portugal is to form part of an Es52bn (£201m) hydro-electric power plant comprising two 72 MW reversible turbine units. They are due to begin production of 330 GWh a year in 1999.

The winning consortium comprises Dumez of France, Agroman of Spain and the Portuguese companies Somague and Moniz da Maia Serra e Fortunato. A total of 16 Portuguese and 13 companies competed for the contract.

The dam will form an 18 sq km artificial lake of 700m cubic metres. The plant will provide a strategic reserve in case of breakdown or low capacity of EDP's other hydro-electric plants on the Douro river, which flows into northern Portugal from Spain.

Installing reversible turbine units will enable EDP to transfer waters from the Douro to the Foz Coa lake for subsequent use by power plants along the river.

NEWS: THE AMERICAS

Detroit says battery technology can not yet meet Californian requirement

Chrysler protests over electric cars

By John Griffiths

Chrysler, North America's third largest car maker, yesterday called on California to drop legislation requiring minimum numbers of electric cars to be sold in the state from 1998, claiming that battery technology is insufficiently advanced for such cars to be viable.

In doing so, it has formed a united front with General Motors and Ford, which have become increasingly hostile to the legislation as hopes of a battery technology breakthrough in time for the legislation to be met have faded.

During testimony to the Californian Air Resources Board, which is responsible for setting air quality standards in the state, Chrysler asked for consultants to be brought in to undertake an independent review of battery technology and consider whether the Californian legislation could be complied with.

Under the current legislative programme, from 1998 onwards "zero emission vehicles" must make up a minimum of 2 per cent of total sales of each manufacturer selling its vehicles in California, rising to 10 per cent by the year 2007.

While other technologies, such as hydrogen fuels, are also being investigated, battery-powered cars currently are seen as the only means of complying with the legislation. However, all "big three" car makers have encountered serious difficulties in building cars with the 100 miles-plus range regarded as the minimum viable for sprawling Los Angeles – and at a cost even remotely competitive with conventional vehicles.

"We believe California cannot achieve its clean air goals in a cost-effective manner by mandating any technology," Chrysler's manager of environmental regulatory planning, Mr Gordon Allardyce, said yesterday in a statement.

While stressing that Chrysler – like GM and Ford – is not opposed in principle to producing battery-powered cars, the company said in its testimony that the price and range limitations involved meant that it seriously questioned its ability to meet the sales obligations.

Despite the increasingly strident lobbying campaign from Detroit, the air resources board has so far shown no real willingness either to ease or postpone the legislation, given the severe air quality problems facing the Los Angeles basin in particular.

The issue is of great importance to the vehicle industry. This is not only because non-compliance by any manufacturer could theoretically lead to its exclusion from the Californian market, amounting to 1m-plus units a year, but because other states are seeking to enact similar legislation.

Hillary Clinton (right) gathers with her predecessors in Washington for a tribute to First Ladies of the US. The others are, from left, Lady Bird Johnson, Betty Ford, Rosalynn Carter, Nancy Reagan and Barbara Bush. Reuter

No such thing as free lunch for senators

By Jurek Martin in Washington

The spectre of Mr Ross Perot strode through the halls of Congress this week as the Senate, in a mood of uncomfortable self-flagellation, voted 95-4 to ban its members from accepting presents, meals, free travel and sports and arts tickets from anybody who might remotely resemble a lobbyist.

The Senate bill now must be reconciled with one already passed by the House. Congressmen, on average much less wealthy than senators, were also less firmly into self-denial, banning most meals and gifts but permitting paid-for travel and other freebies.

Sponsors of the Senate bill, sounding just like the populist billionaire from Texas and 1992 independent presidential candidate, said action was necessary to dispel the popular image of a Congress stuffed with freeloading junketeers and deeply in hock to "Gucci gulch" lobbyists, including, most darkly, those representing foreign interests.

The bill permits gifts only from family members, unquestioned close friends and home state interests, with any present worth more than $250 (£170) subject to approval by the ethics committee.

In debate last week several senators said the bill was unnecessary and would harm the Washington restaurant trade and charities willing to pay the expenses of politicians involved in fund-raising events, such as galas and golf tournaments.

But the final vote showed how few senators were willing to go on record as opposing a populist demand.

A similar nervousness was shown last month when the Senate only narrowly defeated a bill that would have taken away free parking places at Washington's airports. Almost every senator up for re-election this year voted to remove this "perk".

Cynics also believe that by focusing on freebies Congress is creating cover for ducking action on campaign finance reform, reasonably seen as the root problem of the relationship between elected representatives and special interests.

It emerged this week, for example, that the medical and insurance industries had contributed, perfectly legally, no less than $600,000 this year to the campaign coffers of the 11 congressmen sitting on the House ways and means subcommittee with jurisdiction over healthcare reform.

Argentine economy shows 6% growth

By John Barham in Buenos Aires

Argentina's economy expanded by 6 per cent in 1993, its third consecutive year of strong growth since Mr Domingo Cavallo, the economy minister, made the peso convertible and began his market-oriented reforms in early 1991.

Gross domestic product expanded to $255.33bn, making Argentina the region's wealthiest country, with income per head of $7,800 (£5,340), according to figures this week.

However, private economists expect growth to decelerate to about 3.5-4 per cent this year, thanks mainly to a reduction in the foreign capital inflows that have driven the economy ahead since 1991. Capital inflows are expected to fall to $10bn from $17.61bn last year.

Argentina's low investment rate is alarming private economists. Although investment rose by one-eighth over the previous year, at 18.4 per cent of GDP it is still low by international standards. Investment at the height of Argentina's hyperinflation crisis in 1989-90 averaged 15 per cent of GDP.

A European banker commented: "Investors and businessmen have been burnt so often in the past that they are unwilling to take risks now."

Growth came mainly from privatised utilities, the construction industry and the financial sector. Manufacturing industry rose 4.5 per cent, while agriculture – which produces two-thirds of Argentina's exports – fell 1 per cent.

Concern continues to grow over Argentina's poor savings rate and its heavy reliance on foreign capital. Last year's savings rate edged up to 16 per cent of GDP; consumption rose by one-fifth, to 83.5 per cent.

Argentina's trade deficit is also deteriorating rapidly. The 1993 deficit of $3.7bn is expected to rise by one-third this year to $5bn.

Mexico invites UN to observe elections

By Damian Fraser in Mexico City

The Mexican government has formally invited the United Nations to participate in the observation of presidential and congressional elections in August, in a move designed to convince international and domestic opinion that the voting process will be fair.

Mr Jorge Carpizo, the interior minister, asked the UN to issue a technical report on the electoral system, and to offer assistance to the network of Mexican electoral observers, and help ensure their "professionalism, independence and impartiality".

The UN role will be more limited than many had hoped, as the organisation will not directly observe the electoral process, nor assess the legitimacy of the electoral result. Mr Carpizo said that the country's constitution and laws gave such authority exclusively to Mexicans.

The decision to invite the UN came after internal debate in the Mexican government, with some nationalist ministers unhappy about allowing an international organisation a role in the observation of the elections. The compromise worked out has allayed fears of those who opposed UN presence, according to one official.

President Carlos Salinas and other ministers believe the presence of the UN will help assure a credible electoral outcome. The belief is that as long as the election is fair, the creation of an impartial group of Mexican observers backed by the UN will make it more difficult for the opposition to discredit the vote by claiming fraud.

The US has also put increasing pressure on the Mexican government to take steps to assure a legitimate election, and strongly supported the presence of foreign observers.

SALEROOM

Klimt brings top price at auction

By Antony Thorncroft

Sotheby's sale of top quality Impressionist and modern art in New York on Wednesday evening was a success, in sharp contrast to Christie's disappointing auction on Tuesday. Some 69 paintings and sculptures were offered and 50 of them sold, for a total of $51.5m (£35.2m).

The highlight was the $11.6m paid for an exceedingly decorative painting by Gustav Klimt, "Lady with a fan". The price was a record for the Austrian artist and way ahead of estimate. It was sold by the estate of the late Mr Wendell Cherry, founder of Humana, the healthcare company.

"Composition No 8" by Mondrian also did well, making $5.6m. The artist took this strictly linear work to New York when escaping from the London Blitz in 1942 and it was acquired by the late Mr Gates Lloyd, the Philadelphia banker who later became deputy head of the Central Intelligence Agency. His estate sold it yesterday for comfortably more than its $3m estimate.

Another good price was the $2,092,500 paid for "Peniche sur la Seine" by the Fauve artist Maurice de Vlaminck, and the same sum acquired a pastel by Degas "La toilette", one of his many compositions of women bathing. Another work from the Gates Lloyd collection, Henry Moore's bronze, "Festival reclining figure", one of five created for the Festival of Britain in 1951, sold at its high estimate, $2m.

There was even keen bidding for some of the unsold lots. "Bird", a marble sculpture by Brancusi, was bought in at $6m, and bids for a Monet view of Venice went as high as $5.7m, which must be close to the reserves fixed by the vendors.

The sudden death yesterday of John Smith, leader of Britain's opposition Labour party, has changed the nation's political landscape. With the Conservative government trailing in the opinion polls he seemed well-placed to capture power at the next election. Now Labour must choose a new leader while John Major must reassess his hold on power. Here FT writers look at the candidates for Labour and the prospects for the Euro-elections early next month

MPs see six candidates for leadership

By David Owen

MP's acknowledged yesterday that there were at least six serious candidates for the leadership of the Labour Party.

The party's prospects of avoiding a damaging and highly public tussle between leading figures from its modernising and traditionalist wings do not look good.

In the atmosphere of disbelief pervading Westminster yesterday, few MPs were ready to talk openly about the succession contest that will culminate this autumn at the latest.

The front runner – and the candidate the Tories most fear – is Mr Tony Blair, the urbane Oxford-educated lawyer who has made a good fist of shadowing Mr Michael Howard on home affairs.

Mr Blair, a leading moderniser, has succeeded in chipping away at the Conservative party's traditional position as the party of law and order by portraying Labour as the party that is tough on crime and the causes of crime.

But Mr Blair must first convince supporters of Mr Gordon Brown, his modernising colleague, that he and not the shadow chancellor has the better chance of winning the race.

After years when the pair were virtually inseparable, Mr Brown has recently fallen behind in the succession stakes, largely because of what some see as a patchy performance as chief Treasury spokesman.

The leading traditionalist candidate is expected to be Mr John Prescott. His speech at last year's party conference played an important part in ensuring that Mr Smith won the tense battle to inject greater democracy into Labour's trade union links.

The burly former transport spokesman would secure strong backing from the union movement if he decides to run.

Many MPs are concerned that a head-on clash between a leading moderniser and a leading traditionalist would be extremely damaging for the party, however.

They hope that Mr Prescott could be persuaded to run only as deputy leader. Certainly, Mr Prescott's installation as deputy leader would be the minimum price demanded by the Labour left in return for allowing a leading moderniser an unhindered tilt at the leadership. A strategy for such a balanced ticket would run aground if Mrs Margaret Beckett, the current deputy leader, decided not to run for leader. Many MPs believe that she could secure her current post if she did this "in the interests of party unity".

Many MPs expect that Mrs Beckett will run, however, in which case the strength of her candidacy will largely depend on how she is seen to have done as interim leader and on Labour's performance in the European elections.

Another potential candidate from the centre-left of the party is Mr Robin Cook, the shadow trade and industry secretary, who topped the poll in the most recent shadow cabinet election.

An outside bet to run is Mr Jack Cunningham, the shadow foreign secretary, who could construct a platform as the 'continuity' candidate: the man who would carry on Mr Smith's good work.

Socialist umbrella: John Smith and German Social Democratic presidential candidate Johannes Rau at a gathering of European Socialists last June Picture: Reuters

Strain may show during Euro-elections

By David Owen

The loss of such an effective and respected leader less than a month before polling day can hardly fail to damage the opposition Labour party's European election campaign.

It will in effect dash the party's hopes of remaining out of the spotlight while the media focuses on the Conservative party tearing itself apart over a subject that splits the party from top to bottom.

Much attention will now inevitably focus on Mrs Margaret Beckett, the deputy leader, and her performance as acting leader and the activities of the other personalities most likely to play a prominent part in the forthcoming leadership race.

The main danger in this regard is that the minds of many leading Labour figures will be on their leadership prospects and not on securing the best possible election result for their party.

The fact that a strong Labour performance could work in favour of Mrs Margaret Beckett, the deputy leader, assuming she entertains leadership ambitions of her own, will ensure that she tries to maintain such discipline.

Labour's strategy was always going to be to play safe and quietly reap the anti-Major protest vote in areas of the country that are relatively little affected by the Liberal Democrat surge.

Mr Smith's sudden death, though shattering for morale in the short term at least, will do nothing to change that plan. And his abrupt removal from the scene will not necessarily render the party incapable of executing such an unambitious battle plan competently - even under an interim leader who is respected rather than admired and who will be virtually unknown to many voters. But will all the most prominent players in the Labour party really pull together?.

The party did all it could last night to insist that it would be as close as possible to business as usual, after a period for paying its last respects to a much admired leader.

Said one prominent MP: "After the funeral, John would have wanted us to fight as hard as we can."

After winning 45 out of 81 British seats in the European parliament in the last elections in 1989, the party's ambitions this time around are relatively modest. It would settle for an outcome similar to this month's local elections, when the party secured a slight improvement of an unusually strong position.

Even before Mr Smith's death, the party probably had the potential for no more than about six gains - 87 seats will be at stake this time. Constituencies in north-west England, the east Midlands and London are at the top of its target list, although the waters have been muddied in some cases by the impact of boundary changes.

Political figures lead many tributes

Throughout the day, political figures from Britain and across Europe paid tribute to Mr Smith.

Irish prime minister Albert Reynolds described Mr Smith as a man of outstanding ability and stature who had "contributed greatly to the politics of these islands."

Jean-Pierre Cot, leader of the Socialist party in the European parliament said "The best homage we can pay him is to continue his fight for Europe in the weeks and years to come."

French Socialist party leader Michel Rocard, who was among those to have dinner with Mr Smith in London on Wednesday night, said: "I am shocked and stunned. This man loved life, he was joyful."

He added: "He was a fervent European. Europe loses a brave servant and so does Britain."

In Rome, Italian Socialist party leader Ottaviano Del Turco said: "The death of John Smith represents a grave loss not only to the Labour party but also to all parties on the left who looked to the great parliamentary tradition of secular democracy in Britain."

Belgian foreign minister Willy Claes said Europe had "lost a great ally, and the socialist family has lost a great leader. We have lost not just a good friend, but a convinced, and convincing European whose ideas and work sprang from deeply held moral convictions and sense of justice."

But perhaps the most moving tribute came in the House of Commons from Labour's deputy leader Mrs Margaret Beckett. Calling Mr Smith a man of "formidable intellect, the highest ethics and staunch integrity," she recalled his speech the previous evening.

"He was in high fettle and in high spirits. He spoke not from a text, but from notes. And when he sat down I congratulated him, especially on his final sentence.

"Spoken as it was, off the cuff and from the heart, they were almost the last words I heard him say. He looked at the assembled gathering and he said, 'The opportunity to serve our country – that is all we ask'.

"Let it stand as his epitaph," she said.

Major's future seen as more secure by MPs

By Roland Rudd

History is made by accidents. Forty-eight hours ago, few MPs were willing to bet on Mr John Major's leadership. Yesterday it was difficult to find any parliamentarian who did not believe the prime minister would last the course.

The death of John Smith appeared to wipe Mr Major's slate clean. True, there were still one or two rightwing Euro-sceptics who warned that nothing, not even the death of the opposition leader, would alter their determination to replace the prime minister.

But they were in a minority. Most Tories saw the death as a rare opportunity for Mr Major and the government.

A senior member of the 1922 backbench committee said: "Luck appeared to be running out for the prime minister until the news of today's tragedy swept through the House."

In part, the analysis of Mr Major's strengthened position is based on the assumption that it would be folly to have a leadership election at the same time as the Labour party.

Whether the race to succeed Mr Smith takes place at a special conference in mid-summer or in the autumn, it would still be uncomfortably close to the November deadline by which the Conservatives have to hold a leadership election if there is a challenge.

With the media's attention fixed on Labour, Tories believe they ought not to create distractions. Many hope that the Labour election will bring out the divisions that Mr Smith so successfully masked over.

Sir Rhodes Boyson, a senior backbencher, asked: "Will the face of moderation outlive the sad death of Mr Smith?" Mr John Watts, another Tory backbencher, readily conceded that Mr Smith's great achievement had been to make the Labour party electable.

But Mr Major's improved standing also owes a lot to the sudden decrease in support for Mr Michael Heseltine.

Mr Smith's death was a vivid reminder of human mortality. Unfortunately for the trade and industry secretary, most Tories no longer believe it prudent to elect someone who has already suffered a heart attack.

Mr Heseltine is said to have had a full recovery from the attack he suffered last summer. But the same was said about Mr Smith.

It was not just Mr Heseltine's enemies who were signalling the end of his ambitions. A significant number of his supporters were equally downcast. "Regardless of Michael's fitness," said one friend, "I fear the party will never elect him. John Smith's death has transformed the situation."

Some supporters of Mr Kenneth Clarke, chancellor, found it difficult to conceal their relief that the chances of a leadership election – in which Mr Heseltine would have been favourite – had receded. One parliamentary private secretary said: "Labour's loss is John Major's gain."

Revised election rules may favour modernisers

By Robert Taylor

Labour's modernisers – Mr Tony Blair and Mr Gordon Brown – look likely to benefit from the new system for electing the party leader.

The procedures which came into force last year replace a system under which union barons wielded hundreds of thousands of block votes and constituency activists fixed their choice in smoke-filled rooms.

Instead, Labour's elected representatives, party members and trade union members who pay the political levy who will vote by ballot in three sections, each holding a third of the vote:

- Labour's 264 MPs and 45 MEPs.
- About 250,000 individual members of the party, who will vote in a postal ballot.
- The estimated 4.5m political levy-payers in the unions. Each union will ballot levy-paying members and the result will be aggregated into a national total at the Labour party's headquarters.

Union leaders will be able to recommend and campaign for a favoured leadership candidate, but under the new system of secret ballots, they will not be able to apply the kind of pressure they often exercised in the past.

Mr John Prescott, Labour's employment spokesman, is a clear favourite among many union leaders, their officials and shop stewards but they may not speak for members in expressing that preference.

Both Mr Blair, Labour's home affairs spokesman, and Mr Brown, shadow chancellor, may have less support inside union organisations than Mr Prescott but either of them could look more attractive as general election winners to the wider party membership.

Opinion is divided over when the election should be held. Theoretically it would be possible to hold the contest quickly. "We could send out ballot papers to our levy-payers tomorrow," one senior union official said.

Labour need not wait until its annual conference in the autumn to elect a new leader, and the election does not require the calling of a special conference.

The timing of the election will be decided at a meeting of the party's National Executive Committee, probably after the European elections on June 9.

Mr Larry Whitty, the party's general secretary, will be the key figure in the process. He will make a recommendation to the executive about the timing of the election and will act as chief scrutineer.

Each nomination for the party leadership requires the backing of 20 per cent of Labour MPs to be valid.

Mrs Margaret Beckett, Labour's deputy leader who will be acting leader until an election, can choose to remain as deputy, as the first official opportunity for a challenge to her position is the autumn party conference.

Political shock waves rock left and right alike

Philip Stephens considers how the Labour party may approach the challenge of finding a new leader

Suddenly nothing is clear. The tragic death of John Smith has left the Labour party facing a choice critical to the outcome of the next general election. Amid the sadness which enveloped Westminster, Mr Smith's colleagues sensed both a risk and an opportunity.

The shock waves from Mr Smith's death were not confined to the Labour party. His departure has transformed the political landscape. The genuine sorrow among senior Conservatives was followed quickly by the judgment that Mr John Major's position was much more secure.

The focus of much political attention would during the summer at least switch to the battle for the Labour leadership. Labour's campaign for the European elections would be badly damaged. Mr Michael Heseltine, the victim last year of a heart attack, was all of a sudden a much less attractive rival to Mr Major.

Only hours before his fatal heart attack Mr Smith had been celebrating with his colleagues at a glittering fund-raising dinner in London. Friends said he was in sparkling form. His party was looking forward to following a strong performance in this month's local elections with a decisive victory in the European poll.

Consistently 20 points ahead of a government seemingly intent on self-destruction, Labour had begun to persuade itself that after 16 years in the wilderness power was at last within its grasp.

Even those among the party's modernisers who were occasionally frustrated by Mr Smith's careful, cautious approach to remaking the party's policies were impressed by his growing appeal to the electorate. MPs on the unreconstructed left saw him as more radical than he was perceived as the outside world. They were impressed by his ability to fight them without rancour.

In an opinion poll a few weeks back nearly two-thirds said he would make a good prime minister. A Tory cabinet minister yesterday offered the same judgment.

But Mr Smith left unfinished the task of returning the Labour party to electability. Mr Neil Kinnock's legacy after the 1992 general election was a party which had dumped most of the ideological baggage which it had carried through the political wilderness but had yet to rediscover an identity.

After the 1992 general election Mr Smith pressed on with the programme of reform. Tax and spending pledges were quietly dropped, the leadership confronted the trades unions over one-member-one-vote (OMOV) elections for Labour parliamentary candidates.

Mr Smith sketched out plans for radical constitutional reform. Mr Tony Blair has radically reshaped the party's attitude to crime and punishment. Mr Gordon Brown has begun the slow, painful task of building a credible economic strategy.

But the process has been slowing. The disarray in the Conservative party removed the sense of urgency. Mr Smith made the strategic decision to defer detailed policy commitments until the second half of the present parliament. His perilously narrow victory over the unions on OMOV reminded him that factionalism had not been banished from the Labour party.

So until yesterday morning the prevailing mood in the party at Westminster was that it was probably enough to sit tight and wait for the Conservatives to lose the general election.

If that was ever a realistic prospect – and the astute on the party's frontbenches at Westminster never really believed shared it – Mr Smith's departure has removed it.

Labour now has to make a choice. It is one between advance and retrenchment: between continuing along the path mapped out by Mr Kinnock from socialism to social democracy or deciding instead to reclaim some of the party's radical roots.

The choice will be posed starkly in the forthcoming leadership contest. Mr Smith's colleagues were understandably reluctant yesterday to talk openly about the succession. The formal contest anyway will be deferred until after the European elections. But no-one doubted the contenders.

Mr Blair and Mr Brown are the candidates of the modernisers. They are firm friends as well as political allies. The presumption – though it is no more than that – is that they will agree between themselves on a single candidacy.

Among the party's MPs, Mr Blair was quickly emerging as the the favourite. He is just 41 years old but has already displayed formidable political talents. A public schoolboy, he has undoubted voter appeal. Labour MPs on the left of the party are less antagonistic towards him than might be expected.

But Mr Brown has worked hard to win friends in the constituencies. He should secure the backing of the powerful Scottish contingent of Labour MPs. He is not loved by trades union leaders but may have made fewer enemies on the ground than Mr Blair.

Facing them from the soft left, or traditionalist, camp are Mr John Prescott and Mr Robin Cook.

Both have strong followings among party activists and trades unionists. Both have many friends on the Labour left at Westminster.

Mr Cook is a shrewd and intelligent politician and a powerful parliamentary performer. Mr Prescott demonstrated in last autumn's OMOV battle that his populist radicalism holds powerful sway with the grass roots. Either could win.

The optimists among the modernisers have floated the idea of a "dream ticket". Mr Blair would stand as leader, Mr Prescott as his deputy. Some on the left would be ready to sign up to such a compromise.

Mr Blair is judged widely to be the politician most likely to return Labour to power. In the bars and lobbies of Westminster, parallels were being drawn with the death of the then Labour leader Mr Hugh Gaitskell in 1963. It was the young moderniser Mr Harold Wilson who won the succession and the subsequent general election.

But the intricacies of the electoral system and the labyrinthine nature of Labour politics make for far more "ifs" and "buts" than for any certainties. Labour is still an unpredictable party.

It will be days if not weeks before the shape of the leadership contest emerges. But the choice will not go away. Labour must decide if it wants to govern.

Britain in brief

UK insurers urged to defend sector

Mr Michael Heseltine, the president of the board of trade, has urged the UK insurance industry to do more to protect itself against the threat of hostile takeovers.

Merger and acquisition activity is likely to increase again as Europe comes out of recession, Mr Heseltine told the bi-annual dinner of the Association of British Insurers, on Wednesday evening.

"You should be taking steps now to protect yourselves, in the same way that your competitors are already protected," said Mr Heseltine, during a wide ranging speech which examined the international competitiveness of the UK insurance industry.

Insurers faced new competitive challenges and moves were needed "that will enable you to stand against that cold wind which is blowing across the globalised market."

Automotive warning

Up to 20 per cent of automotive components companies in the UK could disappear in the next three years, as the industry undergoes a far-reaching restructuring according to the accountancy firm Price Waterhouse.

Mr Richard Gane, head of the Price Waterhouse automotive group warned that there could be substantial job losses in particular in the Midlands.

The larger first tier suppliers "ought to survive," said Mr Gane, but many of the smaller second and third tier producers, which supply the large components makers, were at risk.

"Already we are seeing a rationalisation in the supplier market. For many smaller suppliers the only hope of survival is through joint ventures and alliances," he told an automotive conference.

Ford cuts price of best-seller

Ford has cut the prices of its best-selling Mondeo car range by £265 on most models. But it is denying motor trade reports that it is planning to scrap its dealers' 10 per cent profit margin on the cars in favour of a simple handling charge.

"Such reports are nonsense", a Ford spokesman declared yesterday. However he confirmed that Ford has told its dealers to cut prices of all Mondeos except the most basic version by £265, retroactive to May 1, and to more than halve the cost of some options such as anti-lock braking.

The latest price cuts come against the background of a growing industry trend towards much lower dealer profit margins compared with the 15-17 per cent norm of even 12 months ago.

Green trust needs £2bn

The Energy Saving Trust, the government-created body to promote energy efficiency, needs to raise nearly £2bn by the end of the decade to meet government targets, according to its business plan, published today.

The 50-page plan, which will be sent to government ministers this morning, will draw attention to the government's growing embarrassment over the lack of financing for the trust.

Sinn Féin ban to stay

A legal challenge to the government's broadcast ban on Sinn Féin, the political wing of the IRA, has been rejected by the European Commission of Human Rights.

The Commission has declared inadmissible an application to charge the government with breaching freedom of expression, safeguarded by the European Convention on Human Rights.

The Commission, which vets all applications to the European Court of Human Rights, has followed an earlier decision that the broadcasting ban is acceptable in the Irish Republic. The had argued that the Irish ban was effectively removed in January by the Dublin government.

NEWS: UK

UK telecoms 'less expensive'

By Andrew Adonis

Businesses in the UK pay less for their telecommunications than those in France, Germany and Italy, with large business users considerably better off, according to a survey published today.

However, it reveals the price gap between British Telecommunications and Mercury, the leading UK operators, to be steadily narrowing, and shows typical UK residential customers to be worse off than those in France.

The study, by Analysis, the Cambridge-based telecoms consultancy, is one of the most comprehensive telecoms price comparisons including the UK. It makes special allowance for the Britain's comparatively large local call zones, notably in London.

Comparing prices for residential customers and different sizes of business in the UK, France, Germany and Italy, it reveals Italy to be consistently the most expensive of the four for telecoms.

Large Italian businesses with more than 100 telecoms lines pay almost twice as much as their UK counterparts per line in calls – £5,302 a year, at January prices, against £2,847 for UK Mercury lines and £3,176 for BT.

Smaller businesses in the UK are similarly well placed. At January prices, those with three lines pay £721 a year per line with Mercury and £739 with BT, against £860 in France, £930 in Germany and £1,277 in Italy.

However, taking into account line rental charges, the typical UK residential customer was found to pay £26 a year less in France than in Britain with BT, while the differential between BT and Mercury came down to £1 a year.

The introduction of VAT on telephone calls in France in 1989 without a corresponding increase in tariffs explains the differential with France.

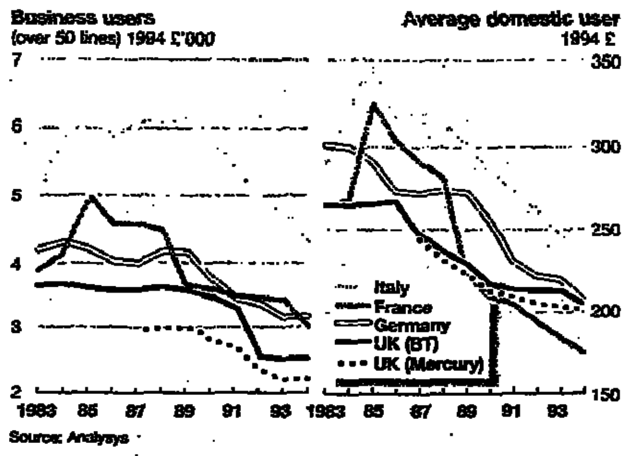
The survey finds a steady convergence in the cost of international telephone calls from the four countries in the last ten years, with particularly steep falls in Italy and France.

In Britain, large businesses with 100 lines have seen the average per minute cost an international call fall from 78p to 40p (BT) or 37p (Mercury) since 1983 (at 1994 prices). In France the equivalent decline has been from £1.06 to 47p; in Germany from 91p to 46p; and in Italy from £1.44 to 60p.

The survey gives a mixed verdict on the impact of privatisation and competition, both pursued vigorously in UK telecoms since 1984.

While large businesses – until recently the main battleground for competition in the UK – appear to have made substantial gains in the UK compared to their continental counterparts, small businesses and residential customers have not made notable gains on a comparative basis.

Average annual cost per line



Source: Analysys

Helicopter bid likely from GE of US

By Bernard Gray

General Electric, the large US power equipment and engine manufacturer, is today expected to announce details of its bid to supply engines for the British Army's new attack helicopter.

GE will say it has teamed up with a UK partner to manufacture the engines and will spend the equivalent value of any contract by placing work in the UK.

The helicopter order is one of the most significant army equipment purchases for some years. Up to 100 new battlefield helicopters are due to be ordered early next year in a contract worth around £2bn.

GE is using its alliance with European Gas Turbines, a subsidiary of GEC Alsthom, to offer its engines for two of the potential six competitors – the McDonnell Douglas Apache, which would be manufactured under licence by Westland, and the Bell Cobra, which would be made under licence by GEC-Marconi. EGT will act as prime contractor for the engines if either wins the competition.

The engine contract alone could be worth around £150m-£200m once servicing, training and other ancillary services are taken into account. In addition to US manufacturing, work would be done assembling and testing the engines at EGT's factories in Lincoln and Whetstone, Leicester.

The Apache helicopter, while expensive, is thought to be the favoured choice of the army. All Apaches and Super Cobras currently in service, some 1,000 aircraft, are fitted with GE's T700 engine.

It is understood that Westland's bid to the MoD also specifies the T700 as the main choice. That means that the proposal to place work in the UK comes from the projects current front runner. There is an alternative European collaborative engine, the RTN 322 in which Rolls-Royce has an interest, though this is thought too powerful for current needs.

Pirelli to stop Midlands output

By John Griffiths

Pirelli, the Italian tyres and cables group, is closing truck tyre production at its Burton-on-Trent headquarters with an expected loss of 350 jobs.

The move is part of a Europe-wide restructuring of Pirelli's tyre operations, prompted partly by the worst slump in Continental Europe's commercial vehicle markets since the Second World War.

Truck tyres currently supplied by the Burton plant, in the English midlands, will be sourced instead from Pirelli's main truck tyre manufacturing centre near Turin and from new facilities at the group's Izmit plant in Turkey.

Only around 40 per cent of Burton's truck tyre output is sold in the UK, the bulk being exported to markets all around Europe.

The move comes almost exactly a year after Pirelli, the world's fifth-largest tyre maker, announced the closure of car tyre production at Burton and its transfer to the company's other large UK manufacturing facility, at Carlisle in Cumbria.

That cutback led to the loss of more than 600 jobs at Burton, where Pirelli for many years has been the largest employer – even allowing for the several breweries for which the town is famous.

After truck tyre production ends – expected by August – about 450 employees will remain. They will comprise headquarters staff and those engaged in logistics, general rubber goods, compounding and retreading.

The restructuring means further expansion at the Carlisle facilities, which currently employ around 800.

Pirelli is also spending "several million" pounds on increasing capacity at Carlisle, where Burton's substantial technical and research and development facilities are also being relocated.

Personnel director Mr John Tierney said yesterday Carlisle is to play an expanded product development role in Pirelli's European operations.

The Burton facilities are also to become the European distribution point for tyres produced at Pirelli's plants in the US and South America.

Trade deficit with rest of world narrows slightly

By Gillian Tett

Hopes that Britain's trade balance may be improving were boosted yesterday, after February's trade deficit showed a small, surprise, fall, and a government review partly allayed fears that 1993's trade deficit had been significantly underestimated.

Britain's trade deficit with the rest of the world narrowed slightly in February, falling to a seasonally adjusted £731m, down from a shortfall of £880m in January, figures released by the Central Statistical Office yesterday showed.

The drop was greeted with relief by the City, which had earlier predicted that the deficit could rise to around £1.1bn.

In a further boost to market confidence, a review from the Central Statistical Office raised the 1993 deficit figures by a smaller-than-expected amount.

After carrying out a sweeping analysis of the new system used to collect trade data in the European Union, known as Intrastat, the CSO said that imports from the EU had been revised up by £0.3bn – lifting last year's visible trade deficit to £13.7bn from £13.4bn previously.

The revision was much smaller than predicted by analysts, who have argued that Intrastat underestimates imports and expected to see a significant deterioration in the 1993 UK trade balance.

But some economists were still unconvinced by the CSO's review. They warned that February's improvement partly reflected record oil exports. If oil and other erratic items are excluded from the February trade figure, the deficit widened to £1.34bn in the month from £1.29bn in January.

The three monthly balance – a calculation regarded as the more accurate indicator of trends – showed an improvement in the deficit to £3.02bn for the three months to February from £3.58bn during the previous three months.

Coming after five months of strong import figures, the fall prompted mixed reactions from economists, with some suggesting that it indicated a slight easing in the pace of UK recovery – and others suggesting that UK industry may now be becoming more competitive and replacing imported goods on British markets.

The CSO said that on present trends there will be a small further narrowing in the visible deficit measured in value terms. The Treasury yesterday said it welcomed the trade figures. "This should ease commentators' worries that the balance of payments will be a constraint on performance," a spokesman said.

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Lloyd's names to borrow on profits

By Richard Lapper

Lloyd's Names are to be allowed to borrow against this year's expected profits to help them meet losses of an expected £2.5bn for the 1991 year. Lloyd's will announce its fourth consecutive year of loss next week, in line with its three year accounting system.

"This is part of a package of measures to assist Names (the individuals whose assets have traditionally supported Lloyd's) to trade through," explained Mr David Rowland, chairman, who said Names could take credit for up to 3 per cent of their 1994 premium income limits – the amount of income they are permitted to underwrite.

With Names supplying £9.3bn in capacity this year, the measure should allow them to borrow up to £279m, however, the facility will only be made available where managing agents, who administer Lloyd's syndicates consider it "appropriate."

Last year Lloyd's allowed Names to borrow up to 5 per cent of premium limit, an amount equivalent to about £440m. About £375m of the facility was actually used.

Lloyd's is expected to post profits for the 1993 and 1994 years, following steep increases in premium rates.

The special credit can be used by Names to help them through the solvency test, an exercise conducted each which assesses their ability to meet insurance liabilities and should ease pressure on the Lloyd's central fund, which pays claims when names are unable to meet their obligations.

Mr Rowland stressed that these measures were designed to deal with "exceptional circumstances" and should not be seen as a "precedent".

He said that the council – Lloyd's governing body – had taken a "prudent" judgment. "If members see they are being sensibly helped within the realms of prudence then they are much more likely to honour their commitments to the society," added Mr Rowland.

Chatset, the publisher which monitors Lloyd's results, estimated before yesterday's announcement that Names will need to pay £1,788m of the 1991 loss by the end of July.

Bank defends settlement system

By Andrew Jack

The Bank of England yesterday launched a strong defence against recent criticisms of its proposed Crest paperless share settlement system.

Mr Pen Kent, executive director of the Bank, in a speech in Paris rejected suggestions that it had slipped behind deadlines and exceeded predicted costs.

However, he conceded that the Bank had negotiated an "absolute cap" on spending of £35m, in excess of the estimates circulated last November of £20m to £30m.

"Readers of some sections of the British press in the past week have been regaled with stories that Crest will be late, over budget, disappointingly undersubscribed and insensitive to small investors. None of this is true," he said.

Mr Kent stressed that he expected the costs of Crest to remain within the original range, and that the figure of £35m was "a backstop which is not expected to be reached".

He said the design phase had cost £2m and the estimate to build the core processing system was £5m, a figure that had been independently audited.

He said the figure reflected a reduction in costs as a result of negotiations and was at the bottom of the estimated range of £5m to £7m, and included a 40 per cent contingency figure.

Mr Kent said the cost of designing and building the system would be £12m, including a further £5m allocated for the project's business team and professional fees.

He said the total costs after 1995 until live running depended on the decisions taken by the future owners of the system, but they could be as low as £10m.

He stressed that the initial £12m is fully committed, with 48 firms willing to take stakes "well ahead of what we had expected at this stage".

Mr Kent said all deadlines had so far been met and that Crest will be built by the end of 1995 and could be in operation by late 1996.

He admitted that the move to five-day rolling settlement was likely to take place in the middle of next year rather than next January.

PEOPLE

Kiosk merchant learnt business the hard way; the customer is king

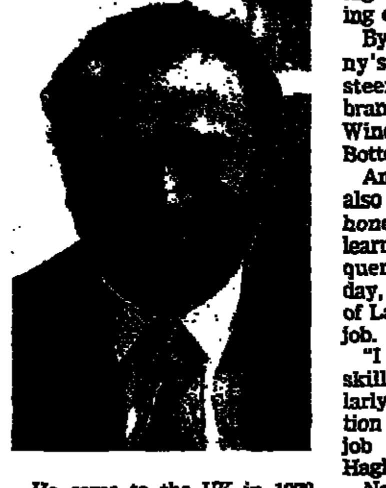
The new managing director of the UK's third-largest off-licence chain learnt the art of retailing the hard way, through selling cigarettes, chocolates and chewing gum on the streets of Iran.

Nader Haghighi, right, still just 35, has travelled far since then. He has just been tempted away from the country's biggest off-licence chain, Thresher (owned by the brewer Whitbread), where he was operations director with responsibility for 1,000 stores and 5,000 staff.

He has now joined Cellar 5 (part of the Greenalls group), where he will be managing 500 stores. He takes over from Peter Lloyd, who is retiring early on medical grounds.

When his father died at the age of nine, Haghighi became the family breadwinner, combining his small tobacconist and confectionery kiosk while studying at school. He eventually graduated to running his own clothes boutique.

It was invaluable experience, he says: "I learnt retailing at the sharp end, learning how to behave with customers, discovering that you have to give them the right service and treat them as king. If I didn't, then they would just have ignored me and walked past me on the street."



He came to the UK in 1979 hoping to study medicine. First he had to learn English. In the meantime, by 1980 he was also working as a part-time kitchen porter for Pizzaland; in 1981 he joined Thresher, also on a part-time basis.

He moved fast through the ranks, proving himself in the mid-1980s by running a variety of Thresher outlets where staffing and stock losses were proving difficult.

By 1990 he was the company's operations director, steering the group's three brand off-licences – Thresher Wine Shop, Wine Rack and Bottoms Up.

Among all this activity, he also found space to do a BA honours degree via distance learning. It was, he admits, frequently an 18 hour working day, though he popped a bottle of Lanson on getting his latest job.

"I learned all the important skills in the bazaar, particularly the personal determination to make a success of any job that we might do," says Haghighi.

Not forgetting, of course, the importance of getting margins close to the 30-40 per cent he made back in his Iranian kiosk days.

Kingshott boards John Jacobs, leaving Sally to find another helmsman

Michael Kingshott, 47, is quitting his job as chief executive of Sally UK, the cross-channel ferry operator that he founded, to take over at the helm of John I Jacobs, an old-established firm of shipbrokers and shipowners.

Kingshott, an insurance broker by training, has been involved in the shipping and transportation industry since 1964.

He takes over as chief executive from John Jacobs, 74, who has headed the company since 1967. Jacobs is staying on as chairman of the company until a successor is found. His son resigned from the board last year.

Kingshott, who has substantial property interests, plans to merge some of his private businesses into Jacobs and could end up owning nearly a fifth of the equity.

Kingshott wants to develop Jacobs into a more broadly-based shipping, transportation and property group.

He says that in five years he hopes Jacobs will look more like P&O or Trafalgar House but without their problems.

■ James Leigh-Pemberton, the investment banker son of the former governor of the Bank of England, has unexpectedly quit SG Warburg after 17 years to join CS First Boston as a managing director. He will head the European equity syndicate desk.

The news came as a surprise to colleagues who believed that Leigh-Pemberton, 37, who joined the firm as a graduate trainee, was being groomed for the top. "It's a bad loss," says a Warburg insider.

Leigh-Pemberton had been in charge of Warburg's Eurobond syndicate desk until the start of this year when he took on a new job as joint head of UK institutional equity sales.

He was unavailable for comment yesterday and was thought to be holidaying in Ireland.

He will join CS First Boston as a managing director and is expected to take up his new position in the summer. He will report to Chris Carter, head of global equity markets.

■ BT, Britain's second biggest company, has underlined its commitment to improve its customer service by recruiting a second high street retailer to its board.

Keith Oates, 51, who is widely regarded as the heir apparent to Marks & Spencer chairman Sir Richard Greenbury, is joining as a non-executive director on June 1. Oates, who takes over as M & S's deputy chairman in July, joins Kingfisher chairman Sir Geoffrey Mulcahy, who has been on the BT board since 1988. His appointment is for a three year term.

■ Werner Dieter, the retiring chairman of Germany's Mannesmann AG MMWG.F, is to join the board of engineering group TI Group Plc in a non-executive capacity, with effect from August 3.

He was chairman of the German engineering group for the last nine years.

Liverpool Victoria: new head

Roy Hurley, a former managing director of AA Insurance and Financial services, is to become chief executive of Liverpool Victoria, the UK's biggest friendly society. A formal announcement will be made on Monday.

The move departs from tradition at Liverpool Victoria, where the top job has previously always gone to an insider during the society's 151 year history.

Hurley takes over in July, after the retirement of the current chief executive John Lambeth, who leaves after 45 years with the society.

Hurley, below, is 52 and has worked in the insurance industry for more than 30 years. He was managing director of AA Insurance and Financial services for 8 years until July 1993, whereupon he became chairman of the Service Managing Agencies, a Lloyd's managing agent.

Liverpool Victoria, with funds under management in excess of £3.2bn, has been regarded as something of a sleeping giant in the financial services sector.

But the appointment of a new head of marketing in 1993 led to a re-think and a new corporate image.

This year has also seen the incorporation of the society, allowing it to expand the range of its products to include unit trusts, peps, mortgages and general insurance.

Hurley hopes to continue the work of raising the public profile of the society: "What is important is that the industry recognises the social values and benefits of services we provide, given that many of the people we deal with are not catered for by other financial service providers."

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NOTICE IS HEREBY GIVEN pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at The Constable Country Hotel, London Road, Ipswich, Suffolk IP2 0UA on the 23rd day of May 1994 at 10.30 am in the morning, for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to the Joint Administrative Receivers at Robson Rhodes, 186 City Road, London EC1V 2NU, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and

(b) there has been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 9th day of May 1994
V M BAIRSTOW and N H COOPER
Joint Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Joint Administrative Receivers at 186 City Road, London EC1V 2NU

A.O.C.O.P. (HOLDINGS) LIMITED
A.C.P. (SHIPPING AGENTS) LIMITED
A.C.P. TRANSPORT LIMITED
ENSIGN TRANSPORT CO. LIMITED
(ALL IN ADMINISTRATIVE RECEIVERSHIP)

NOTICE IS HEREBY GIVEN pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at The Farm Pasthouse, Cranes Farm Road, Basildon, Essex SS14 3DG on the 24th day of May 1994 at 10am for the purpose of having laid before it copies of the reports prepared by the Joint Administrative Receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to the Joint Administrative Receivers at Robson Rhodes, 186 City Road, London EC1V 2NU, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and

(b) there has been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 9th day of May 1994
V M BAIRSTOW and N H COOPER
Joint Administrative Receivers

Creditors may obtain copies of the reports, free of charge, on application to the Joint Administrative Receivers at 186 City Road, London EC1V 2NU.

In the High Court of Justice No 002051 of 1994
Chancery Division

IN THE MATTER OF
ECONOMIC INSURANCE COMPANY LIMITED
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division dated the 27th April 1994 confirming the reduction of the share premium account by £136,535 and the share capital from £40,000,000 to £14,081,914 of the above named Company and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act was registered by the Registrar of Companies on the 29th April 1994.

Dated this 13th May 1994
Clifford Chance
200 Aldersgate Street
London EC1A 4JJ
Ref: RWC
Solicitors for the Company

THE PROPERTY MARKET

The reluctant house-hunter

Vanessa Houlder on ICI's search for new headquarters

Few London buildings exude the sense of corporate self-confidence than the neo-classical monolith of Imperial Chemical House at Number Nine Millbank, headquarters, since 1926, of one of Britain's biggest industrial companies.

The pomp of the stone and granite exterior is matched by the grandeur of its ultra-modern interior.

A £30m refurbishment in 1988 replaced the original oak-panelled corridors and rabbit-warren of offices with a set of wall-to-floor glass offices arranged around a transparent atrium.

A sense of corporate identity is stamped on the building by a huge atrium carpet made from ICI-produced fibres and the vibrant, modern oil paintings, commissioned for ICI, which line the walls.

Given the strong sense of identity associated with the building, it is poignant that ICI has now decided to move to smaller and cheaper premises. ICI's headquarters staff numbered 2,000 two decades ago. Now, following decentralisation, retrenchment and the demerger of Zeneca, ICI's bioscience offshoot which has moved to new premises, there are only 240 people based at Millbank. By the end of 1995, the figure will have been reduced to 150.

ICI's decision to rethink its occupancy of the Millbank site is being mirrored by similar cost-cutting decisions on property at its subsidiaries throughout the UK.

Since ICI has set itself targets on return on capital of at least 20 per cent, it needs to make its assets work. In addition, restructuring, job cuts and disposals of non-core and under-performing businesses have added to the backlog of property problems to be solved.

The job of overhauling ICI's portfolio of 400 properties and 30,000 acres of land has fallen to Mr Andrew Sturt, a former developer who became a consultant to ICI in October 1991, following Mr Ronnie Hampel's appointment as chief executive.

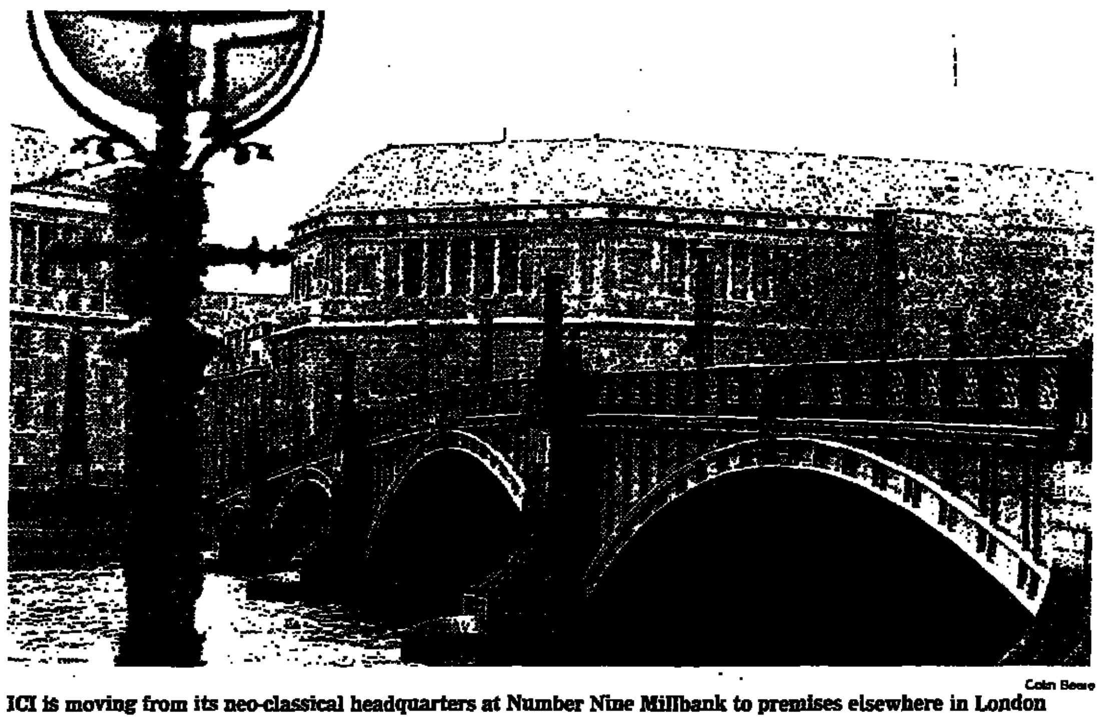
Mr Hampel's decision to appoint a property consultant reflects the view at ICI that there was an insufficient awareness of the importance of property. Mr Hampel believes property should be viewed as an asset, rather than as a resource.

For the past decade ICI has operated without a group property manager and decisions relating to property have inevitably been handled on an *ad hoc* basis.

"There was a lack of a property dimension in decision-making," says Mr Sturt.

Such an approach had it drawbacks, principally a lack of flexibility. ICI would build premises in locations which appeared to be cheap. However, the premises were often unsuitable for occupation by another tenant, which made them difficult to dispose of once ICI had ceased to require them. "It is a burden that was totally unnecessary," says Mr Sturt.

Recession, the decline of manufacturing industry and, in some cases, the contamination of land has exacerbated the problems of disposing of property in difficult locations. In Harrogate, for example, ICI owns a large expanse of vacant offices, laboratories and 70 acres of land on a site that was formerly the headquarters of ICI Fibres.



Colin Beere

ICI is moving from its neo-classical headquarters at Number Nine Millbank to premises elsewhere in London

The difficulty in cases such as these is in obtaining planning permission for a change of use for the site. The scale of recent job losses in Harrogate has made the local authority reluctant to allow a change of use for land that was previously used for employment generating purposes.

Sometimes, circumstances change with time and a problematic property can become valuable. Near Bristol, for instance, ICI owns 1,500 acres of surplus land on a site acquired in 1957 to accommodate a petrochemicals plant. The plant occupies 370 acres, while the remainder of the land, which was originally earmarked for the expansion of the plant, has so far been unused.

But the construction nearby of the second Severn Crossing and the addition of an intersection to the M49 motorway could make the site valuable.

ICI will seek planning permission later this month to build 2½m square feet of warehouses on a third of the site. It intends to seek institutional partners to build the warehouses, which will be up to 300,000 sq ft in size.

In other cases, it is hard to imagine anything that could add value to a site. In Dumfries, Scotland, ICI owns a 100,000 sq ft office building, built in the 1960s. Only a handful of people occupy the building and ICI has little chance of finding new tenants given the poor local demand for offices.

In the case of the Dumfries building, the decision to locate a business in an out-of-the-way spot dates back to a decision taken during the second world war to find a manufacturing location beyond the reach of German bombers. But many of ICI's surplus premises stem from more recent decisions.

In Welwyn, for instance, ICI is trying to dispose of a four-year old, 120,000 sq ft building that was built to house the headquarters of its films division. Following restructuring and relocation, only a handful of people now occupy the building. "As soon as the headquarters was completed, the rationale for it had gone," says Mr Sturt.

A similar situation, on a larger scale, has arisen with ICI's group headquarters at Millbank. The building has several unused floors as a result of ICI's restructuring and, in particular, the demerger of Zeneca.

However, sub-letting space at Millbank is not a viable solution. The building's design offers insufficient privacy if shared by two companies. company.

Instead of sub-letting the surplus space, ICI plans to find itself new premises, obtain a new tenant for the existing premises and then sell its Millbank building, together with two adjacent buildings it owns that are let to the government.

Finding new premises is proving difficult, given ICI's intention to remain close to the City and Westminster, its need for car parking spaces and its insistence on easy access for visitors.

Mr Sturt has been unimpressed with the 100 buildings he seen so far. "What is in the market at the moment is disappointing," he says.

The problem of property disposal highlights the question of whether corporate buildings should be owned or leased. The case for owning production plant is strong, for example, because of the necessity to invest large amounts of capital in specialist equipment.

For other types of property, such as offices, however, there is a strong case for renting, rather than owning property. "With the pressure on the businesses to achieve a 20-30 per cent return on capital, it is crazy to be investing in a low-yielding property asset. It is putting a millstone around the neck of businesses," says Mr Sturt.

"Planning for business is relatively short term compared with even a decade ago," he argues. "There is no point in investing in premises for ever."

NEVER AGAIN?

Cambodia, 1980

AGAIN. After Cambodia the world said, 'Never again', yet today in Rwanda there is genocide.

Oxfam does not use the word genocide lightly, but there is no other way to describe the mass slaughter happening right now. Men, women, and children are being systematically hunted down, tortured, and killed. The rivers are choked with bodies.

We have not witnessed such horrors since the Killing Fields. And again, like Cambodia, the people who can do something to stop the bloodshed are not doing enough.

At the height of the killing the UN cut its peacekeeping force to 270 men. When the Belgian UN troops were withdrawn they tore up their blue berets in disgust.

We share their outrage.

Half a million people face imminent death. Over 200,000 are already feared dead. Thousands more are dying every day while the Security Council dithers.

What is happening in Rwanda is a crime. The apathy of the world is criminal.

We believe the UN Security Council must agree **today** to act effectively by supporting the proposal of the Secretary-General to send 5,500 troops to Rwanda, **now.** How many more people must die before something is done?

Will we have to say 'Never again' again?

OXFAM
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For more information write to Oxfam, 274 Banbury Road, Oxford, OX2 7DZ, England. Registered Charity No. 202918

MANAGEMENT

Competition, recession and poaching: **Tim Dickson** on the challenges facing one of the world's best-known business schools

Keeping ahead of trends

More than 3,000 managers participate in short management programmes at Insead each year. So a big challenge for the school is to respond to changes in the executive education market. Arnoud De Meyer, associate dean responsible for executive education, identifies the following trends:

- An enormous demand for internationalisation, or developing managers with an international view. "This doesn't just mean going on an international assignment, but being aware that the world abroad is not the same as the one you have at home."
- A shift of interest away from "grooming the directors of the future, improving individuals", towards programmes which "transform the whole organisation". It is this trend which explains the popularity of tailor-made or "company specific" programmes at the expense of "open programmes" (ie open to all-comers). De Meyer believes this is not necessarily a permanent change.
- The growing sophistication – and seniority – of people in charge of human resources in companies. One result is that companies "are more demanding".
- The need for action-orientedness. "Looking at the old brochures, executive education used to be more about broadening the perspective. Participants want that today too, but they also want teaching which is relevant to what they will be doing next week."
- The impact of delayering, or the thinning out of management tiers. "Business schools have been preaching this, but in a way we are victims of our own success." As well as fewer managers to train, schools have to find ways of helping managers who move horizontally across organisations.
- Partnerships. Insead has run a course for Hewlett-Packard and its dealers, and is exploring the idea of organising programmes for companies and their suppliers (the idea being that there could be more impact if individuals across the "value chain" are involved).

Insead bears up to change pains

The story goes that there were three reasons why Insead's founding fathers chose Fontainebleau as the site for an international business school in 1959. The nearby Nato headquarters meant that the area had the sort of infrastructure which would appeal to an international clientele; Orly airport was within half an hour's drive; and the centre of Paris was a mere 70 kilometres away.

As it happened, Nato quickly moved to Brussels, Charles de Gaulle subsequently became established as France's international airport, and modern traffic conditions turned the journey from school gate to Arc de Triomphe into a two-and-a-half hour rush-hour slog.

But none of this has seriously impeded Insead's progress. Helped by a period of hectic expansion in the mid to late 1980s, the European Institute of Business Administration, to give it its full title, is today one of the best-known management education centres in the world, running the largest MBA programme and one of the most extensive executive training facilities on the Continent.

It is no small irony, however, that Insead itself is now undergoing some of the change pains which its professors are so good at analysing in other companies. In common with rival business schools it is grappling not only with recession but with more fundamental challenges to the concept of management education and the direction of an increasingly competitive market place.

The MBA, for example, which not long ago almost guaranteed career and financial advancement, appears for the moment to have ceased growing. The executive education business, comprising both open and company-specific programmes, must satisfy the increasingly short-term requirements of corporate clients.

Most worrying of all, though, is a growing tendency for big companies to organise in-house management development courses. The prospect of using technology to "deliver" education direct to the workplace rather than on campus is being taken seriously in the industry.

Insead's very size – its more than 80 permanent faculty members and an annual budget of FF284m (£9.83m) are large by European, if not US standards – has exacerbated its vulnerability to change. Budget pressures necessitated a salary freeze last year, while outside consultants were brought in to advise on fund raising. By comparison with many well-endowed US business schools – and even some European rivals – Insead suffers from a relatively small capital base.


Antonio Borges: 'If you want to change and develop people you have to have a strong message and give a unique experience'

But it is Insead's response to the wider market challenge which will perhaps be more eagerly watched, not least the actions of the school's recently appointed co-dean Antonio Borges. Previously deputy governor of the Bank of Portugal, Borges was director of Insead's MBA programme in the heady growth days of the 1980s.

"As the management education industry matures we must do other things, and faster," says Borges, who shares the job with Ludo Van der Heyden. "Insead originally transported the US [business school] model to Europe, which was a very successful story. But it is no longer enough."

Internationalisation (of curriculum, students and faculty) is a fashionable campus cry on both sides of the Atlantic – with Insead no exception. The school has been in the vanguard from the start, though some French critics deride the strong US influence (notable in the educational background, if not the nationality, of much of the faculty).

"In Europe we must learn to rely more on our own leadership and here at Insead, for example, we must shake off our dependence on American source material," says Borges.

For this reason, he adds, "we need a stronger emphasis on research output, but it must be strongly rooted in an interface with the business world. Our aim is to achieve a synergy between the three aspects of teaching, research and consulting".

'Insead transported the US model to Europe, which was a success. But it is no longer enough'

Borges' solution – that innovation holds the key to Insead's continuing place in the top league of international business schools – may not be original but is hard to dispute. Good ideas, like most good products, only have a shortish shelf life and, as he admits, there are a growing number of competitors claiming to offer to do the same sort of job for half the price.

Among the priority areas for Insead, says Borges, are the challenge of corporate renewal and transformation, the new borderless Europe and entrepreneurship (including how to keep big businesses innovative and competitive).

"We are in close contact with many of the world's leading corporations. What we can do is study why some fail to achieve their objectives, why some can adapt and some can't. The differences have important implications for managers. All areas [of the world] in rapid transition raise important issues for western companies seeking to manufacture and trade across intercontinental boundaries – we have to be there ahead of these trends offering insights and analyses for businesses to apply."

Business schools are increasingly affected by technology, not least by the potential effect of the multimedia revolution on the delivery of management education. "We do invest in these things but that's normal for the age we live in," says Borges. "But alone it's not enough. The important thing about Insead is what goes on in the classroom. If you want to change and develop people, which we do, then you have to have a strong message and give them a unique experience."

Borges is adamant that Insead's productivity must increase – "like many clients we must achieve more with fewer people", he explains, while emphasising that faculty numbers will not be cut. He makes no apologies for the 1980s expansion, which he says has produced "a better school, the 'all-round' business school". He cites Insead's PhD programme, which is extremely expensive in terms of scholarships and faculty time but is enhancing the school's reputation in the international market. "We are in the business of supplying human capital and our PhDs are perhaps the most tangible evidence of this," says Borges of recent academic appointments by US institutions to three Insead participants.

That reputation – endorsed by alumni and corporate participants – is the school's most precious asset. While MBA numbers have fallen in Europe over the last couple of years, Insead says its courses remain oversubscribed: this year there were 2,500 applicants for 466 places. "Don't forget the investment they make in themselves: almost all of the MBAs are paying their own way," Borges says.

Filling Insead's "open" executive courses – used by about 1,400 international managers each year – has proved a more formidable challenge. Numbers fell in 1992-93 – most dramatically in the last quarter – but they have perked up again in the last 12 months when demand for "tailor-made", company-specific programmes has increased.

Insead's marketing – inevitably neglected in the good years – has been organised more professionally on product rather than country lines. But Borges is not complacent: "We must pay attention to our relative weaknesses, in Germany, for example, which we feel is common to others."

Outsiders believe Borges has the right combination of academic flair and financial discipline to reassert Insead's position.

Recent donations from Shell, Sandoz, Heineken and the Boston Consulting Group are important votes of corporate confidence, but there is still work to be done to establish a more viable capital base. "Towards the end of this academic year we will assess the level of capital we would be looking for and whether we are to approach this process formally," says Borges.

Further belt-tightening will almost certainly be necessary.

Battle for star talent

They were putting on a brave face this week. But Monday's announcement in London that Insead's professor of business policy, Sumantra Ghoshal, has been appointed to the new Robert P Bauman chair in strategic leadership at the London Business School is undeniably a blow for top brass at the French school.

Ghoshal's poaching is a sign of growing competition between European institutions for the best academic talent, and raises the prospect of the sort of red-toothed rivalry seen between US campuses crossing the Atlantic.

For eight years Ghoshal has been one of Insead's "stars", raising its profile with books and award-winning case studies on cross-border management and international business.

The traffic, it has to be said, is not just one way. This year, Insead pipped London to the post for two marketing professors from the Wharton business school in the US (Hubert Gatignon and Erin Anderson), and has also wooed Richard Rumelt, president of the strategic management society, away from the University of California at Los Angeles.

Managing faculty members who can earn more from outside activities such as consultancy and writing than they do from teaching and research is a headache plaguing all deans at the moment.

"When someone says they want a change of scene, giving them a 10 or 20 per cent pay rise is not the answer," says Ludo Van der Heyden, Insead's co-dean.

Van der Heyden has mixed feelings. He does not deny disappointment at Ghoshal's departure and believes London may be targeting Insead (among others) as part of a policy to recruit more faculty members from outside the UK. On the other hand, he believes that European schools collectively still lack credibility by comparison with the US and that a stronger LBS is to the benefit of all.

As one of the top schools in Europe, Insead is particularly vulnerable – "but it will make us sharper," Van der Heyden adds philosophically.

TECHNOLOGY

Andrew Adonis looks at private UK initiatives to bring software and curriculum packages into the classroom

From chalk to superhighways

Not much has changed in the typical British secondary school classroom since the death of Queen Victoria. Whiteboards may have replaced blackboards, but the notion of a personal computer on every desk is still largely the stuff of science fiction.

At best, there will be a room of PCs for lessons in computing and possibly information technology – very likely funded by a government initiative. At worst, a school will boast a handful of outdated machines.

If education is supposed to be a preparation for future life, this state of affairs beggars belief. Ever fewer of tomorrow's jobs will be manual or in the primary industries; ever more will be in careers – professional, clerical, sales, administration – where computer literacy is essential.

Nor are the benefits of a PC-based education to be measured in PC skills alone. As material and courses become available via CD-Rom and networks, chalk and textbooks should join the ink well and dunce's cap in the museum of childhood.

Explaining the current malaise is easy enough. Money is scarce. Old habits die hard. Teachers lack requisite training. Hardware, software and course materials are expensive, and knowledge about what to buy is scarce.

There is also a serious market failure. In most countries the computing and software industries have little incentive to develop products for cash-starved public education systems ignorant of the benefits.

In Britain, private schools are not much better than their state counterparts. While university entrance continues to be determined by success at conventional A-levels, private schools' market niche is secure without innovation – and they can carry on investing instead in sports halls, music centres and private theatres, as they did in the 1980s.

'Digital information can be treated like water and electricity and made available on a low-cost usage basis'

The key to change lies in political and professional will and the development of economic solutions. Tellingly, the places moving fastest in PC-based education, notably Singapore and some US states, are doing so under strong political leadership. But change can be led by the private sector if it has the right products at the right price and markets them effectively.

In the UK, just such an exercise is about to start in earnest. Numerous initiatives are under way, but two stand out because they tackle the most immediate obstacles to change – the shortage of expertise and cash in the schools themselves.

Alan Benjamin, a former director of corporate communications at ICL, is masterminding a British version of the "community learning utility" now to be found in California and a dozen other US states.

The key to the utility is simple: schools – or learners – pay for material on a usage basis, with software and curriculum packages selected and supplied by a community-based utility through a not-for-profit foundation.

The scheme was unveiled at a recent seminar at London's South Bank Technopark with a demonstration of a software system in use in California, developed by Vistar Technologies, a US company.

The Vistar system fits course material – whether procured from CD-Rom or a network – into an innovative Windows-based software teaching system, with an integrated messaging facility, student "prescription" and "writing" units, and lesson-planning programmes for teachers.

The networked system is geared to classroom management and school administration as well as teaching. It includes attendance reporting, assessment and "cards" for pupil achievement and course enrolments. The "community learning utility" will make software and course materials available to learners from its own data repository and via its own network, charging for them on a usage basis. The utility will negotiate licences with software suppliers, "sift" available course material, and commission teachers and others to provide more – which, if used, will earn them royalty income.

The utility will also negotiate special rates with British Telecommunications and other telecoms operators to carry the networked material. Its success will be an important commentary on the seriousness of the operators in developing "superhighway" services – both in their readiness to install fibre links to schools as needed, and in their capacity to make networked services affordable.

Trevor Humphries

Class acts: schemes are setting up to tackle lack of cash and expertise in schools

Benjamin's first utility is likely to cover five schools and two further education colleges in inner south London, where the local South Thames Training and Enterprise Council – a not-for-profit company contracting with the government to provide training – has agreed to provide part of the funding to install hardware and software.

He also hopes to gain support from telecoms companies and local businesses, which could purchase training on a pay-by-use basis. "This is a new form of public utility," says Benjamin. "Its potential lies in the fact that digital information and software can be treated like water and electricity, and made available on a low-cost usage basis, breaking the capital barrier for millions of users."

If the south London utility is successful, others will be established. Benjamin envisages the utilities as public-private partnerships – perhaps between Tecs and leading technology or service companies – run as local businesses at a profit. The critical goal is for them to become self-financing, making the supply of software and materials sustainable.

The second pioneering initiative also comes from the private sector, in the shape of CRT group, a Wirral-based training and recruitment company established four years ago and now claiming to be among the country's largest private training providers. Its chief executive, Karl Chapman, heads a team dedicated to taking technology into schools as a commercial proposition.

With the aid of partners in the IT sector, Chapman plans later this year to equip a significant number of schools with a room of current-range PCs. CRT will provide software, hardware and, where appropriate, personnel. At the pilot stage, the schools will have only to provide the premises and pay for the software on the basis of usage and output results.

In its initial guise, the scheme is both more and less ambitious than Benjamin's, although the two may come together in south London. It is more ambitious because of the number of schools likely to be included in the pilot; but less so because Chapman envisages networking and integrated teaching/administration software as a later stage in the process. He is gearing his early efforts to courses – particularly the new national general vocational qualifications in information technology – which are especially well-suited to interactive PC formats.

Most of the pilot schools chosen by Chapman will be grant-maintained, because their head teachers and governors are – he judges – readier to innovate and less constrained by inherited attitudes and budgetary limitations.

If the scheme fails, Chapman says he will simply leave the PCs in the schools. If it succeeds, he is working on financing packages making it possible for schools to secure more hardware without a large up-front capital cost. As for software, CRT believes it can meet its early demands for IT courses through its own multimedia subsidiary – formerly Convergence Communications – which is developing a range of multimedia training packages.

The fate of the two initiatives will be a commentary on the receptiveness of schools to PC-based teaching methods. It will also demonstrate the ability of new technology and the devolution of school budgets to foster public-private partnerships in a field where the private sector has a substantial contribution to make. If information superhighways are to amount to anything by 2000, they will have to start laying tracks through the education system – not just universities – early on.

Worth Watching · Andrew Fisher

Satellites to guide ambulance service

Satellites will soon come to the rescue of accident victims in the UK – by pinpointing ambulances to within a few feet.

West Midlands Ambulance Service will use a new system based on satellite navigation technology. "The satellite system will talk to our existing computerised control and command system in a way never previously attempted," says Ian Van Creveld, operations director.

Developed by Terrafix, a UK company, it works from radio signals transmitted by at least three satellites. These are picked up by a receiver in the ambulance which uses them to give a "fix" on its position.

A data channel on the radio system is used to communicate its position to the control room; it is translated into map co-ordinates of position, direction and speed. The information is used to work out response times.

West Midlands Ambulance Service: UK, 0384 455644.

Idle network time put to work

Using "idle" computer time to process other tasks in the background is an old idea, *writes Claire Gooding*. This principle has been applied to PC networks by Jetstream, 66 per cent owned by New Zealand Telecom.

Its Jetnet software shares out heavy processing workloads between networked PCs while other users on the network are away or performing low-power tasks such as word processing.

It claims Jetnet introduces genuine parallel processing across PC networks. The "unused" power – which Jetstream says might amount to 80 per cent in some networks – can in theory be capitalised to support heavy transaction processing loads, tasks previously limited to mid-range and mainframe computers. The Jetnet applications development toolkit costs around £9,500 in the UK.

HTL Information Technology (distributor): UK, 081 785 1388.

Chip boost for signal processing speed

An electronic chip that could significantly increase signal processing speeds has been developed by Robomatix Technologies, *writes Anne Kochan*.

Tests to be completed by early summer on an initial production batch of 160 chips will prove whether Robomatix has succeeded where others have failed, says Zami Aberman, president of the Israeli company.

He describes the Xium chip as massively parallel; it incorporates 1,024 processors. Simulations show a Xium chip could perform 1bn instructions per second. It would function as a single chip or as part of a computer board.

If the tests prove successful, Robomatix plans to put the chip into automated inspection systems. Its ability to perform real-time recognition and processing of data could be useful in video-conferencing and air traffic control systems.

Robomatix: Israel, 9729 986916.

ICL system adjusts screen brightness

Most computer users adjust their screen once and work regardless of light conditions. ICL has launched a system called Autobrite which automatically adjusts the screen to match surrounding levels.

"Visual ergonomics is a big problem," says Björn Malmberg, technical co-ordinator at ICL Personal Systems. "People can get red-eyed, tired and develop headaches when reading from the screen." Two detectors in the Autobrite module sense lighting conditions at the front and back of the screen; these are compared with pre-set correction tables and brightness and contrast are changed accordingly.

ICL (owned by Japan's Fujitsu) has linked up with Helvar, a Finnish lighting company, to add an infra-red controlled office lighting system.

ICL: UK, 081 7887272.

Recital

Bryn Terfel

The figure who strode out on to the platform was as imposing as any Wotan, as awesome as any Mephistopheles, his locks as long and shaggy as those of John the Baptist. Bryn Terfel embodies any number of opera's larger-than-life characters, but for the moment all thought of those had to be set aside.

On Wednesday he was at the Wigmore Hall for his London debut as a recitalist. Terfel came to prominence in the 1989 Cardiff Singer of the World competition, when Dmitry Hvorostovsky took the first prize and he was in effect a runner-up with the Lieder prize, but their careers out in the real world have served to reverse the jury's judgment. Hvorostovsky, faltering in opera, has increasingly found refuge in song recitals, while Terfel has gone on to take the world's opera-houses by storm.

It was interesting to see Salzburg's Jokanaan, Vienna's Dr Miracle, everybody's Figaro, return to the song repertoire with which he made that striking first impression. At the Wigmore Terfel's baritone is undeniably a big voice, requiring suitably big handling. There is plenty of room in it for him to move around and the dynamic range between his loudest and his quietest singing was vast.

There are a few big personalities in song as well, such as Schubert's "Der Atlas" bearing the anguish of the world on his shoulders, who looms on a mighty scale in Terfel's singing. It took a while for him to find the flexibility for the subtler songs in his Schumann and Schubert first half. "Mondnacht", sung in a low bass key, did not live up to Malcolm Martineau's hazy, moon-lit introduction; the consonants were too bumpy, the style short on precision and refinement. His enticing "Fischermädchen" was better.

Power and tenderness, force and quietude, are all within Terfel's enormous range, but not always the ability to hit a specific tone in the voice. In the Heine settings of Schubert's *Schwanengesang* he missed the pain as the poet's knife cuts the flesh. Fauré's "Automne" was turbulent, but was that bitterness or melancholy swirling below the surface? It was difficult to tell.

As a singer of his own two languages Terfel is without peer among his generation. From top to bottom of his voice he can sing English words without any distortion, making Vaughan Williams's *Songs of Travel* marvellously engaging, even when the music is at its weakest. In Welsh, he seems just as communicative, bringing vividly to life Meirion Williams's "The Welshman" with his ready heart, his good sense, his love for his rugged Wales, all sung with unabashed ebullience. "I enjoyed that one", exclaimed the patriotic Terfel proudly. So did we.

Richard Fairman

Sponsored by Midland Bank, Wales

The original playbills for 'Strike up the Band' (1927) and 'Red Hot and Blue' (1936)

Shows Broadway forgot

Andrew St George talks to Ian Marshall Fisher about lost American musicals

Ian Marshall Fisher is an archaeologist: he discovers lost American musicals. Over the last few years he has unearthed fresh musicals from the New World and put them on display in *London*. His latest series of *Lost Musicals*, concert-studio versions of the shows Broadway forgot, has just opened at the Barbican.

Six years ago, Fisher struck on the idea of reviving musical theatre overlooked by Broadway: "anyone interested in musical theatre should be aware this stuff exists", he says. The great success of *Lost Musicals*, now in its sixth season, lies in a mix of strangeness and familiarity. Past revivals included *Do I Hear a Waltz?* (1965, Richard Rogers and Stephen Sondheim) and *Lovelife* (1948, Kurt Weill and Alan J. Lerner) which perished after 220 and 252 performances respectively.

But should forgotten musicals stay forgotten? Will Fisher's grandchildren be reviving *Carrie* or *Leonardo*? Two arguments present themselves. First, Fisher says, "The people who invented the musical theatre... we'll never see the stuff that died for them"; that is, the early songs, stagings and ideas which made later masterpieces possible.

Second, *Lost Musicals* is a pure archaeology of the fashions and tastes which produced the musical: "the fashion is now over, but there's still an appetite for the fashion." And who says creaky shows cannot conceal one or two great songs?

Fisher reviles English musicals, the "cod-operetta Ivor Novello style", and concentrates on American failures, which he finds more interesting. This year, on a £36,000 budget (20 per cent up on 1993), the season begins at the Barbican Cinema with *Let's Face It*, an unlikely 1941 collaboration between Cole Porter and Herbert and Dorothy Fields; then *Bloomer Girl* (1944, Harold Arlen and E.Y. Harburg), *New Girl in Town* (1957, Bob Merrill and George Abbott), *Strike Up The Band* (1927, George and Ira Gershwin and George S. Kaufman) – and Cole Porter's 1936 *Red, Hot and Blue*, a riotous comedy about a man searching for a childhood sweetheart identified by a waffle iron burn on her bottom in which the cast included Bob Hope and Ethel Merman.

Since so little is known about the musicals, each show has a short introduction. Fisher has three musical directors, 250 performers (paid in "tea and biscuits"), but no costumes, no orchestra, no scenery, no publicity, no advertising and no West End Sunday competition for the Barbican Cinema's 280 seats (all tickets are a demotic £11). *Lost Musicals* would make ideal radio; the shows should be recorded before they slip from sight again. Fisher keeps the lights on so the audience can make notes or follow the score.

Are these revivals worth doing? He responds by talking about modern musicals, which are not to his taste: "the style now seems to be *give them spectacle*. All there is today is Sondheim and Lloyd Webber." Has he seen anything recently he likes? A rare pause. "I'm thinking... that means no. There's nothing."

Fisher is drawn to the past by the "vibrancy, excitement and daring" he finds in old American musicals. The search for new material has put him on terms with the Gershwin, Hart, Hammerstein, Porter and Kaufman estates and families: "they all help me, it's heartwarming, it happens all the time." He leans forward. "Listen, in this project the stars are the *writers*."

Discover the Lost Musicals, Barbican, Sundays until 9 October (071 638 8891).

Ballet/Clement Crisp

The Glass blew in

At her best, and it is a very good best, Siobhan Davies creates structures, movement-installations, through which she guides us with unerring sensitivity. We learn, without consciously doing so, certain physical laws about these locations, are shown incidents that are insidiously revealing, and we understand the mysterious boundaries and horizons of this world. This has seemed to me a constant of Davies' truest work ever since that long-ago *Pilot* with which she first told us of her talent.

Now on a small regional tour – I saw a performance at Worthing's Connaght Theatre on Tuesday night – Davies' Dance Company is presenting her two newest pieces: last season's *Wanting to tell Stories* and *The Glass blew in*, made this year. Both show their choreographer at her best, and her troupe – Amanda Britton, Sasha Roubichek, Deborah Saxon, Paul Douglas, Sean Feldman, Jeremy James – as a grandly gifted ensemble.

The Glass blew in takes place inside a low perspex boundary, which is a frame for the dance – any activity outside it acquiring a somehow disquieting quality. The key to the piece is Gavin Bryars' *Three elegies for nine clarinets*, a work whose luscious sonorities are a tribute to the clarinettist Roger Heaton. Heaton is soloist with a multi-track recording of himself playing bass and contra-bass clarinets. The ear is ravished – tone and texture are dark, rich, Brahmsian – and Davies' has made dances that look comparably dark and almost voluptuous in means. The movement coheres or fragments, reflects off itself as ideas return or are mirrored from one performer to another. Effects are beautifully judged – how satisfying each dance-phrase seems – and beautifully brought off by Davies' artists.

Wanting to tell stories is no less rewarding, and secure – it is tempting to write "self-contained" – in structure. Two vast steely grilles by David Buckland hang over the stage, and move to define areas (and no-go areas, too). Telling stories allusively, hinting at incident and relationships, is the declared theme. Characters – and we sense identities through the movement – are confronted and briefly explored.

The piece is more febrile, more urban in its energies, than Davies usually allows, and I think it slightly too long – the fault of Kevin Volans' gritty score, well brought off by its four players. But the dance grips the attention in its drive, in its sharp demotic accents: gesture is quick, bold – and how odd to see the flash of a waltz-step. It is given with absolute conviction by its cast.

In these latest pieces, as in last year's exquisite *White Bird Featherless*, we see the maturity of a rare, perceptive creator. Siobhan Davies' dance is refined, sometimes oblique, always penetrating. And subtly, grippingly, hers is a theatre of the human heart as well as of movement.

The Siobhan Davies Dance Company appears at the Crucible, Sheffield, on May 19; at Towngate Theatre, Basildon, on May 23.

Pinter reinterpreted

Alastair Macaulay visits a festival in Dublin devoted to the playwright's work

Pinter Festival: the words are proclaimed on banners around Dublin. For three weeks this May, Dublin's Gate Theatre is presenting a festival of Harold Pinter's plays. Each week, a pair of his plays (one long in the evening, one short in the afternoon) is being given, in new productions; the playwright will direct one of them himself; several distinguished actors (including Ian Holm, Penelope Wilton, Michael Pennington) are involved.

But why Dublin? Pinter's plays are not well known there, and have not been performed in recent years. The idea came from the Gate Theatre's director, Michael Colgan, and probably developed as a sequel to the theatre's recent Beckett festival. Pinter is the modern playwright who has learnt most from Beckett. (Surely even the famous Pinter pause derives from Beckett.) Pinter spent time in Ireland as an actor in the 1950s, working with the actor-manager Anew McMaster, about whom he has written a memoir, *Mac*.

I believe that Pinter also picked up on the speech-patterns and poetic refractions of Irish modernism: Yeats, Joyce, and, above all, Beckett. Hence the alternations of lyricism and irony, the ambiguous meditations on time past, the sudden non-sequiturs and waits and hesitations, the richly suggestive use of ordinary parlance. John Gielgud once told Pinter that he had thought that playing *No Man's Land* would be like playing Chekhov, "where you must ignore the audience", but that in fact he had discovered it needed a consciousness of the audience, a manipulation of them, as in Congreve or Wilde – yes, two other Dubliners.

Colgan has chosen and paced the festival's six plays well, so that each week's pair shows contrasting facets of Pinter. The first week presented *The Dumb Waiter* (1959, 50 minutes) and *Betrayal* (1978, 95 minutes, including interval). *The Dumb Waiter* occurs in one of Pinter's most airless rooms, and is just for two hired killers. *Betrayal* is about a triangle of relationships between Robert, his best friend Jerry, and Robert's wife Emma; in ten scenes, over nine years, set in both London and Venice, it retrospectively surveys the love affair between Emma and Jerry.

The Dumb Waiter was directed by Joe O'Byrne. *Betrayal* by Kevin Billington.

Both realised the strong vein of humour in Pinter's writing, and the Dublin audience responded with ready laughter. Because some of his playwright contemporaries have been more overtly concerned with satirising various forms of Englishness, it is easy not to notice, when watching his plays in England, that Pinter is often satirising Englishness too. Seen abroad, his characters reveal their nationality more plainly, and amusingly.

Even the pauses that occur between Robert and Jerry in *Betrayal* became funny in Dublin, because they expressed the emotional constipation of these upper-middle-class Londoners – their fatuous politeness, their stuffed-shirted inability to refer to a spade as a spade. Jerry (Stephen Brennan) in particular became more hilariously slow-witted; and, when Robert at one point remarked "Didn't she?", Brennan delivered a tiny but superb triple-take, gradually and befuddledly adjusting to all the possible implications.

English stupidity was also excellently evident in David Herlihy's account of Gus in *The Dumb Waiter*, bringing out the dark pun in the title: dumbo Gus is waiting for he knows not what – not until it is too late. Brief though it be, *The Dumb Waiter* defies categorisation. (A sign of Pinter's early mastery.) Here it is a black comedy about two killers who are pawns in someone else's game, here an existential waiting-for-Godot tragedy about the cruel pointlessness of existence (Gus: "Who is it upstairs?"; Ben: "What's one thing to do with another?"). Now a surreal, Ionesco-like, sketch in which nonsensical events become both disturbing and absurd; now a kind of thriller in which events add up in a pattern virtually too grim to contemplate.

Ian McElhinny – who in *The Dumb Waiter* was the dour and uninquisitive Ben – also, in *Betrayal* played Robert: an astonishing double-act. He makes Robert snide and urbane, as oblique about his emotional dealings as some character in le Carre. His very tightness of manner actually makes him much more touching in the one scene when he speaks with Emma of her infidelity with his best friend. Emma was Jeananne Crowley, a tad too muted, but lightening in looks and bearing to very telling effect as the play moves back in time.

The Pinter Festival continues at the Gate Theatre, Dublin, until May 21

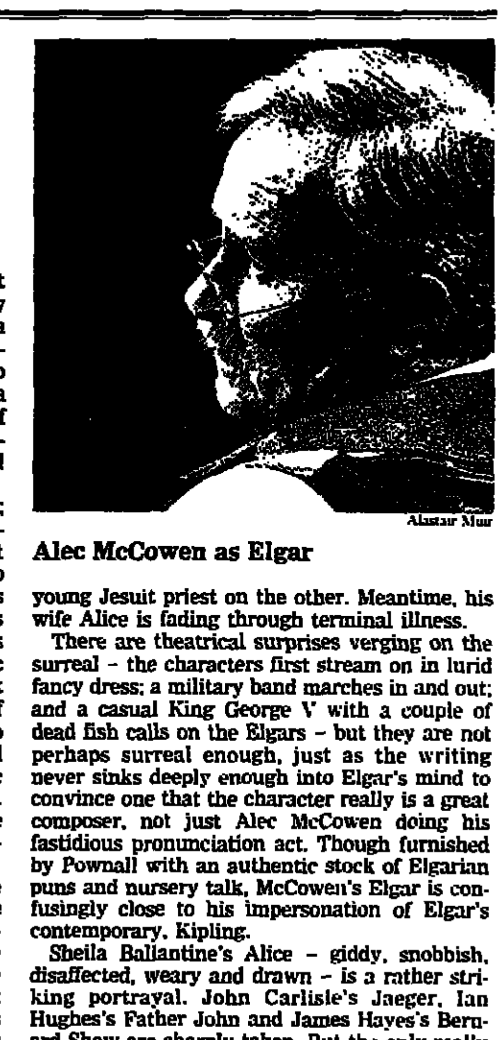
Theatre/Paul Driver

Elgar's Rondo

Writing plays on the lives of great composers is a tempting but tricky business. David Pownall makes a habit of it. He has put the predicaments of Shostakovich, Prokofiev and Gesualdo on the boards, and devised both a stage and a radio play on the later life of Elgar. Both of these focus on why such a masterly and otherwise prolific composer should have completed only two symphonies. Haydn managed 104.

It is a question genuinely worth pondering; but having seen *Elgar's Rondo* – an RSC transfer from the Stratford Swan to the Barbican Pit – I am not sure that Pownall is quite the man to ponder it. The very fact of Elgar's existence, his arising out of the musical nothingness that was 19th century England, is still startling. There is rich dramatic material in his social and artistic discomfiture as a lower-class Catholic who lost both faith and class, enduring the vapidities of the Philistines only to find himself reduced to frozen melancholy by the atrocities of world war; while the struggle with the symphonic ideal is a great emblematic 19th century theme. To have failed with his third attempt must have seemed failure indeed to Elgar: this is the subject of Pownall's radio play, *Elgar's Third*.

Elgar's Rondo probes the period in his life between what he perceived as the public failure of his Symphony No 2 in 1911 and the beginnings of the Cello Concerto in 1918. The title refers to the second symphony's scherzo, whose pounding, dissonant climaxes apparently struck first audiences as bafflingly avant-garde. Elgar's friend and publisher A.J. Jaeger ("Nimrod") returns from beyond the grave to urge him forwards in the stylistic direction of the Rondo, and to write another symphony; but Elgar wants to throw in the towel. The play depicts a battle for Elgar's soul between the depressed composer on the one hand, and Jaeger and a young Jesuit priest on the other. Meantime, his wife Alice is fading through terminal illness.



Alastair Muir

Alec McCowen as Elgar

There are theatrical surprises verging on the surreal – the characters first stream on in lurid fancy dress; a military band marches in and out; and a casual King George V with a couple of dead fish calls on the Elgars – but they are not perhaps surreal enough, just as the writing never sinks deeply enough into Elgar's mind to convince one that the character really is a great composer, not just Alec McCowen doing his fastidious pronunciation act. Though furnished by Pownall with an authentic stock of Elgarian puns and nursery talk, McCowen's Elgar is confusingly close to his impersonation of Elgar's contemporary, Kipling.

Sheila Ballantine's Alice – giddy, snobbish, disaffected, weary and drawn – is a rather striking portrayal. John Carlisle's Jaeger, Ian Hughes's Father John and James Hayes's Bernard Shaw are sharply taken. But the only really moving moment in this production (by Di Trevis) was when a fragment of the gentle opening of *Sospiri* was allowed to play on the gramophone.

At the Pit Theatre, Barbican

INTERNATIONAL ARTS GUIDE

EAST EUROPEAN ART

A panoramic survey of 20th century avant-garde art in central and eastern Europe opens in Bonn on May 27 at the Kunst und Ausstellungshalle der Bundesrepublik Deutschland. The exhibition, the most comprehensive of its kind to date, attempts to re-evaluate 20th century art from eastern Europe in the wake of the fall of Communism and the Berlin Wall. The aim is to counter the notion that European culture means western European culture, and to show that art behind the Iron Curtain was not necessarily subordinate.

Around 700 works by 200 painters and sculptors will be on show, supported by references to architecture, photography and literature. There will also be films, concerts and discussions. The organisers say works have been chosen not to represent national cultures, but to underline international artistic trends and styles - over and above opposing political blocs.

There are to be nine main sections. The display opens with symbolist and abstract artists who influenced the ground-breaking changes in art around the turn of the century - including Larionov and Kandinsky. The next section, built around Cubism, covers sculptors such as Brancusi and Archipenko, plus representatives of Czech Cubism. This is followed by Constructivism, with examples of work by Malevich, Tatlin, Rodchenko and Popova; a survey of Jewish culture shattered by the holocaust, with works by Chagall, Lissitsky and others; and a section entitled the Surreal Imagination.

Next comes a sound-slide show illustrating the cultural doctrines that determined artistic expression in the Soviet Union and satellite countries from the 1930s to the 1950s. The postwar era opens with a study of how East European artists continued to experiment under adverse circumstances. The final two sections cover technical advancements and the questioning nature of contemporary art at the end of the century. The exhibition will run till October 16.

■ EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Flowers and Plants: a varied survey of the countless representations of flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon

Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lifes, genre pieces and sketches by the 19th century artist whose murals grace many public buildings in France. Ends May 29. Daily

BARCELONA

Museu Picasso The Russian Avant-Garde 1905-25. Ends June 26. Closed Mon (Carrer Montcada 15-19)

BERLIN

Museum für Indische Kunst Lost Empire of the Silk Road: a remarkable collection of 87 well-preserved pieces of Buddhist art from the tenth to 13th centuries, which lay buried at Khara Khoto under the sands of the Gobi Desert until they were uncovered during archaeological research in 1908. Ends July 3. Closed Mon

Spandauer Zitadelle Dali as Sculptor and Illustrator: 38 sculptures from the years 1936-88 and 300 illustrations on themes from world literature. Ends May 25. Daily

COLOGNE

Museum Ludwig The Unknown Modigliani: 240 of the 440 hitherto unknown drawings amassed by Paul Alexandre before 1914. Ends July 10. Closed Mon

LAUSANNE

Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep 25. Daily

LONDON

Royal Academy of Arts Goya: 100 small-scale paintings. Ends June 12. Daily (advance booking 071-396 4555)

Hayward Gallery Salvador Dali: The Early Years. Ends May 30. Daily (advance booking 071-928 8800)

LYON

Musée des Beaux-Arts The Romantic Movement in France: paintings, sculptures, drawings and engravings from the museum's own rich collection of works by Charlet, Delacroix and others. Ends June 19. Closed Mon and Tues

MADRID

Centro de Arte Reina Sofía Lucien Freud: recent paintings, drawings and etchings by Britain's greatest living realist painter. Also Joseph Beuys: ten installations, 25 sculptures and 456 drawings by the controversial postwar German artist. Ends June 6. Closed Tues

MUNICH

Villa Stuck Christo: an exhibition devoted to the grandiose urban projects which the Bulgarian-American artist has pursued over the past 30 years, including his current plan to wrap the Berlin Reichstag in silver cloth. Ends July 10. Closed Mon

Neue Pinakothek Wilhelm Leibl (1844-1900): around 200 paintings and drawings offer a 150th anniversary retrospective of the Cologne artist who was the leader of German Realism in the late 19th century. Ends July 24. Closed Mon

Akademie der schönen Künste The Russian Stage 1900-30: theatre designs, figurines and models by Malevich, Lissitsky and others, dating from a time of extraordinary creativity in Russian art. Ends June 26. Closed Mon

Lenbachhaus Between the Brücke and the Blaue Reiter: Expressionist paintings from the Ahler Collection. Ends May 23. Closed Mon

NAPLES

Castel S. Elmo Naples under the Austrian Viceroy 1707-34: a splendid itinerant show from Vienna, dominated by the magnificent baroque works of Francesco Solimena. Ends July 24

NEW YORK

Metropolitan Museum of Art American Impressionism and Realism 1885-1915: more than 80 paintings showing how a generation of American painters was exposed to the French Impressionists' engagement with the contemporary local scene and their direct, rapid technique. Artists represented include Mary Cassatt, John Singer Sargent and Childe Hassam. Ends July 24. The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Petrus Christus: 22 paintings by the 15th century Netherlandish master. Ends July 31. Sidney Nolan's Ned Kelly Paintings. Ends July 17. Batak Art of North Sumatra: 70 works focusing on art traditionally used to invoke divine intervention. Ends Dec 31. Islamic Glass from China. Ends Dec 31. Closed Mon

Guggenheim Museum Frank Lloyd Wright's Designs for the Guggenheim Museum. Ends May 20. The main museum is closed on Thurs, the SoHo site on Tues

Museum of Modern Art American Surrealist Photography: 45 works from the period 1930-1955. Ends July 5. Closed Wed

NUREMBERG

Germanisches Nationalmuseum Friedrich Adler: 200 works by the German Jugendstil designer, including ceramics, furniture, metal objects, drawings and textiles. Ends June 5. Closed Mon

PARIS

Grand Palais The Origins of Impressionism 1859-69. Ends Aug 8. The Sun and the Northern Star: paintings, porcelain, furniture and silverware imported by Gustav III of Sweden in an attempt to emulate the splendour of Versailles. Ends June 13. Closed Tues

Musée d'Art Moderne de la Ville de Paris From Van Gogh to Mondrian: the exhibition is built around Mondrian's journey from Pointillism to Cubism and on to an abstraction expressed in horizontal and vertical lines and primary colours. Ends July 17. From Concept to Image: ten contemporary Dutch artists. Ends June 12. Closed Mon (11 ave du President Wilson)

Hôtel de Ville Nicolas de Stael: 70 paintings and 40 drawings by the Russian-born, French-trained painter who committed suicide in 1955. Ends June 19. Closed Mon (Salle Saint-Jean, 3 rue de Lobau)

Petit Palais Art of the Tainos Sculptors: 85 pre-Columbian masterworks in stone or wood. Ends May 29. Closed Mon

ROME

Palazzo delle Esposizioni Dada: more than 300 works from public and private collections, the first wide-ranging retrospective in Italy to document the radical anti-art movement which shocked and outraged the European art world in the period 1916-23. Marcel Duchamp, Kurt Schwitters, Man Ray and Giorgio De Chirico are among the artists represented. Ends June 30. Closed Mon

Villa Farnesina The Chinea and 18th century Architectural Firework Machines. Ends May 31. Closed Sun

ROTTERDAM

Museum Boymans-van Beuningen C.A. Lion Cachet (1864-1945): retrospective of the founder of the Dutch version of Art Nouveau, renowned for his wide-ranging output in the decorative arts. Ends June 26. Closed Mon

SPEYER

Historisches Museum der Pfalz Romanov Tsarist Treasures: 200 pieces from the St Petersburg Hermitage, including jewellery, objets d'art, paintings, furniture and costumes, collected during three centuries of Romanov rule in Russia. Ends Aug 14. Daily

WASHINGTON

National Gallery of Art Willem de Kooning's Paintings. Ends Sep 5. Ruth Benedict Collection: 78 prints and drawings from the 16th to 20th centuries, including works by Rembrandt, Canaletto, Tiepolo, Daumier and Moore. Ends June 12. Ornament in European Graphic Art 1300-1800: more than 90 prints, drawings, illustrated books and decorative objects. Ends Aug 21. Daily

Arthur M. Sackler Gallery Contemporary Porcelain from Japan. Ends Sep 5. Daily

Freer Gallery of Art Chinese Bird and Flower Painting 12th-18th centuries. Ends May 30. Daily

National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Mary Vaux Walcott: 50 watercolours by the early 20th century artist. Ends Aug 29. Daily

Sums don't add up

John Authers on dog days in Britain's independent schools

These should be halcyon days for UK independent schools. In the past year state schools have been engulfed by teachers' industrial action over the national curriculum – compulsory in state, but not independent, schools. The dispute has shown no sign of abating this week in spite of the government revising its proposals. State schools are perceived as having lower standards and as abandoning "traditional" values – such as competition in team games.

All this should help independent schools, which usually prosper when parents want to avoid the state sector. During the last spasm of trade union action in the late 1980s, for instance, the percentage of the school age population at independent schools increased from 6.5 per cent to 7.5 per cent, according to Department for Education figures.

So why did independent schools lose pupils this year? The Independent Schools Information Service last month revealed that the number at private schools this school year – 462,719 – is 1 per cent lower than last year – the third annual fall in succession.

Day schools have fared best. This year saw a 0.1 per cent increase in the number of day pupils (0.6 per cent in London) although falls occurred in the two preceding years. But heads of boarding schools have been alarmed by the 5.2 per cent fall in boarders this year – roughly equivalent to four schools the size of Eton College. Since 1989, the number of boarders has fallen by about 20 per cent.

No wonder the Boarding Schools Association, which represents most UK boarding schools and is usually zealous about its independence, has called for an extension of the government's "assisted places" programme. It wants the scheme, which pays school fees of selected children from low-income families, to cover the seven-to-11 age group.

If recent trends are not reversed, rationalisation in the boarding school sector seems inevitable. Already this year several small boarding schools have closed or merged. Others have seen pupil numbers reduced to a level where they may no longer be viable; fears are greatest for the survival of schools which have traditionally emphasised their small size as a virtue.

The decline in the independent sector is partly explained by the weakness of the economy. In the late 1980s, the economy was growing fast and the number of parents deciding to send their children to fee-charging schools rose rapidly. Now many find that fees are too high for them to make that choice.

But the economic downturn would not have had such an impact on numbers if fees had increased in line with average prices. They did not. The Independent Schools Information Service's figures show fees have consistently risen by more than the retail price index during the last decade. The rise of 2.6 per cent for this school year is the first time since records began in 1982 that school fees have increased by less than average earnings.

On current trends, rationalisation in the boarding school sector seems inevitable

The average boarding fee at the most prestigious public (independent) schools – those which are members of their representative body, the Headmasters' Conference – is £3,574 a term compared with £2,090 as recently as 1989.

The main upward pressure on fees has come from teachers' pay settlements. Average salaries for teachers at independent schools rose by 10 per cent in 1991-92 and 9.5 per cent the following year, although the increase this year was only 1.5 per cent. But independent schools admit that during the 1980s they overspent on luxury capital projects such as swimming pools and sports centres.

One result of higher fees has been a trend towards parents choosing the cheaper day schools, rather than boarding schools – hence the steeper fall in the number of pupils at the latter. Boarding schools charge on average £6,000 more per year than day schools.

Independent schools offer other explanations for their decline. There is some legitimacy in the argument that the state sector is becoming more competitive. Miss Janet Harvey, headmistress of the Lawnside school in Malvern, Worcestershire, which will close at the end of this year because its governors believe it is no longer commercially viable, points to the breadth and curriculum options at large state schools, particularly the new breed of sixth-form colleges. "Boarding schools with less than 200 pupils are not going to be viable in the future," she says.

But that only explains why some of the smaller schools are threatened: most independent schools have facilities of a quality which far exceeds those in the state sector.

Other teachers believe social trends are working to the disadvantage of boarding schools.

Mr Ian Small, headmaster of Bootham School in York and also this year's chairman of the Boarding Schools Association, believes the public's image of boarding schools has been distorted and is "at least 30 years out of date". He cites the recent publicity for a book which claimed that Eton sacked its headmaster in 1970 because of his over-enthusiastic use of capital punishment. "We are hampered by this image of the past. The amount of column inches for that book was typical, but it's so outdated," he says.

Boarding schools have belatedly taken steps to improve their image. For example, Cheltenham College, a boys' boarding school, last month offered prospective pupils a "free sample", allowing them to spend a night in the school's boarding house, and then undergo a standard daily timetable. It claims to have boosted recruitment as a result.

But improving the image of independent schools can only go part of the way towards compensating for their main problem: that in many cases they have priced themselves out of the market.

The modest rise in the number of day pupils this year suggests that there is still strong demand for education outside the state sector. Though smaller schools may have to close, that demand should keep most large independent schools in business. But their prosperity will depend crucially on them charging fees that the market can afford.

FT writers examine the factors behind the recent surge in world commodities prices

Refined taste for raw materials

For much of the past five years, the coffee trading pit at the London Commodity Exchange has been a quiet backwater away from the hurly-burly of the bond futures and equity markets. But no more: with coffee futures prices rising by up to $150 a tonne over the past week, financial investors have proved eager to gain a foothold in a rapidly rising market.

Coffee is not alone in attracting increasing investment activity this year as world commodity prices begin to recover from their recent depressed levels.

Coffee has staged the most noticeable rise, with the futures price – at which buyers contract to buy beans at a set price at a set time – increasing by close to 60 per cent since the beginning of the year. But it is not alone. Copper has risen nearly 20 per cent since January and crude oil by 25 per cent since mid-February. The surge in the sector has pulled up prices for other commodities as diverse as aluminium and palm oil.

The commodity price index of Goldman Sachs, the US investment bank, which tracks movements in 20 commodities, has risen by 6 percentage points so far this year though, within the materials covered, there are wide fluctuations.

Soaring commodity prices indicate that demand is picking up for the basic raw materials which are used in many industrial processes, from car panels to beverages. The strength of the markets is an early pointer to an improving world economy. But a jump in prices can often herald a return of inflationary pressures.

However, it is too early to judge whether current price rises will contribute to global inflation. It takes about a year for rises in commodity prices to feed through into the underlying rate of retail price inflation as manufacturers first use up stocks bought when prices were lower.

Further, prices are heading up from extremely low levels. Metals prices were at their lowest in real terms last November. Coffee prices have been depressed for five years and hit their lowest point since 1974 two years ago; oil prices are still $3 lower than this time last year.

Price levels, particularly for oil, will thus have to go much higher before they have any significant effect on inflation.

The likelihood of this happening is slim, according to observers. The surge is patchy: not all commodity prices are rising for straightforward supply and demand reasons and some are vulnerable to sharp price corrections because they have risen so fast. Seasoned market watchers are wary of drawing broad inferences from the upturn and concluding that raw materials will soon be in short supply.

"People are seeing a few commodities go up and taking it as a sign of a concerted bull market, but that's wrong: what we've got is a series of coincidences," said Mr Lawrence Eagles, commodity researcher at GNI, the London broker.

Coincidences such as lack of available supply of coffee and oil, and rising demand for industrial metals such as copper, have convinced some investors that now is the time to buy *all* commodities. In addition, the increasing presence of large-scale buyers such as private, speculative US hedge funds, and pension funds can sometimes exaggerate price movements.

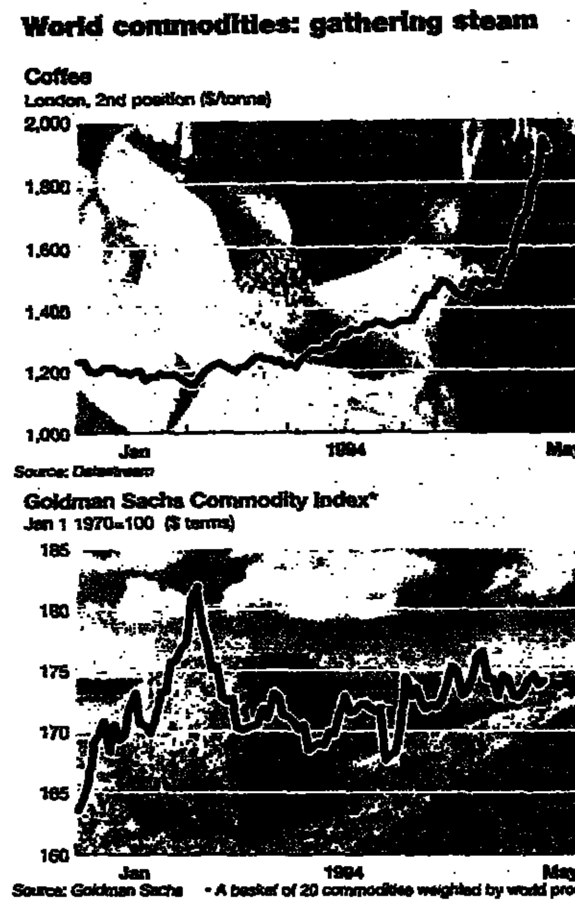
"Supply and demand fundamentals spark the initial rise and then you have all this hot money looking for a home," said Mr Neil Bresolin, executive director of commodities at Goldman Sachs.

Much of the activity by pension and hedgefunds is triggered by computer programmes which follow market trends. They often pay scant attention to data such as stock levels which can reveal the underlying health of a market, but are devised to generate short-term profits.

This is one reason why metals prices in general have risen by an average of 20 per cent since the beginning of the year, even though warehouses used by the London Metal Exchange around the world are stacked with stock – and aluminium can be seen stored outside in car parks and on docksides.

Generally, high stock levels of metals depress prices since they indicate that supplies are abundant. Mr Phillip Crowson, chief economist at RTZ, the world's biggest mining group, and a director of the LME, said hedge funds too readily overlook the fact that prices "are determined by the interplay of supply and demand, rather than by either side of the equation alone". While such funds alone do not determine price rises, once markets are on the move they can push prices higher and generate a spiral which affects other commodities, Mr Eagles said.

World commodities: gathering steam



Prices will have to rise much higher before they have any inflationary impact

To some extent crude oil prices have experienced this effect, after having bucked the rising price trend in other commodities markets this year. Oil prices fell late last year as Opec production exceeded demand. The overhang of stocks was eventually reduced by exceptionally cold weather in the US earlier this year. The latest price rebound partly reflects a sharp rise in purchases by US refiners – and also the activity of hedge funds.

But in spite of a big percentage increase in the price, oil at about $16 a barrel for the benchmark Brent Blend is still well below the $19 level this time last year.

Many observers expect prices to firm gradually over the remainder of the year, but in the absence of a big supply disruption there appears to be little scope for further sharp surges upwards.

Overall, world oil inventories are relatively high, while oil companies are uniformly cautious, with few executives expecting an early return to prices above $20 a barrel.

Mr David Simon, chief executive of British Petroleum, indicated that BP would be happy with prices in the $18 to $20 a barrel range over the long term.

The story is different in the coffee market, where speculative trading is not responsible for driving prices higher. Instead companies such as Nestlé are scrambling to snap up beans to rebuild supplies.

Five years of poor prices have seen a cycle of neglect set in on the world's coffee plantations, where producers have regularly let beans rot in the trees as it was not economic to harvest them. This practice has been coupled with steadily rising demand so that, as production began to drop off, consuming countries started to use up high stock levels.

Low production has been exacerbated by a retention scheme set up by coffee-producing countries last October. The Association of Coffee Producing Countries decided to withhold up to 20 per cent of exports from the world market until the price rose to 85 US cents a pound. That level has now been reached and countries are considering releasing the 4m bags they have in store.

The release of stored coffee will help to alleviate current shortages, but even with this extra coffee, supply is likely to remain constrained. Producers are beginning to plant more trees to try to reverse the deterioration in some of their plantations but it takes five years for a newly planted tree to yield a crop.

The reason for the rise in coffee prices is, therefore, something of an exception to the current trend. Other commodities are rising on more speculative trading. When such temporary investors switch attention elsewhere, prices could fall sharply.

"Some time later this decade, we are likely to get a significant commodity bull run, but we're not there yet. We've got to see large drops in stock levels of most commodities worldwide before that happens," said Mr Eagles.

Report by: Robert Corzine, Kenneth Gooding and Deborah Hargreaves

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Green light to avoid confusion

From Mr Adrian Jack.

Sir, John Murphy (Letters, May 12) is quite right that supermarkets' "look-alikes that assume the characteristics of market-leading brands are parasites". May I suggest some changes to J Sainsbury's Cola which would avoid confusion?

Dyeing the liquid a different colour from dark brown (perhaps green?) and serving the drink flat instead of sparkling would immediately differentiate the own-brand from its legitimate competition.

Calling the drink "Cola" is also objectionable. Extensive advertising by Coca-Cola and Pepsi-Cola has associated both with the word. "Artificially flavoured sugar water" would be more descriptive and not usurp the brand-leaders' expensively won market share.

Adopting these simple measures would prevent even the most sensorily challenged customer confusing their purchases.

Adrian Jack,
2 Paper Buildings,
Temple,
London EC4Y 7ET

From Mr David Sinclair.

Sir, John Murphy underestimates the wit of most shoppers. Most of them can read and understand monosyllabic four-letter (and shorter) words such as: "Try this new Cola."

If a product suits in terms of price and quality, the consumer will buy it regardless of how it is presented.

As to the "research" from the British Producers and Brand Owners in which it claims that consumers are "confused", in the immortal words, "they would say that wouldn't they?"

David Sinclair,
Vine Farmhouse,
Isington,
Alton,
Hampshire GU34 4PW

'Hidden' tax deters employers

From A G K Hart.

Sir, In your leader, "Jobs agenda for Europe" (May 9), you write in the penultimate paragraph: "This can be done by radically reforming the subsidy regime, to promote employment."

It seems that employers are suffering a hidden payroll tax, because the cost of hiring an employee has to include the unemployment subsidy that he would have received – ie, in the UK an employer has to offer above £3,000. In businesses which operate with low wages and low profit margins, this hidden tax is a very high hurdle to surmount.

Therefore, rather than talking of subsidies, let us talk of refunding this hidden tax to employers, so that they can start at a zero base. They may then offer whatever is needed to attract unemployed workers back into work.

In effect, instead of paying benefits to the unemployed, let us pay them to employers so that they can take on more workers. This could be done variably so that employers would not recover the hidden tax for higher earners. This would mean that all employers of low-wage workers would recover the tax.

Initially, therefore, we would pay out more "benefit" but costs would reduce dramatically (because competition would force employers to cut prices if they continued to recover the tax without accepting lower profit margins) and the situation would soon balance itself.

The great benefit to us would be this: instead of paying out benefit to the unemployed and getting nothing back, we would pay the same to employers and get increased wealth.

A G K Hart,
5 West Lane,
Cuddington,
Cheshire CW8 2QG

The value in diversifying

From Mr Andrew Campbell.

Sir, John Gapper's analysis of the Royal Bank of Scotland, "Where diversity helps balance the books" (May 11), only touches on the issue of the value added by the bank to its diversifications. Why?

The only justification for making a diversification or retaining a multi-business portfolio is that the bank can add value to the businesses it owns. To be comfortable with chief executive George Mathewson's "collection of several" businesses, we need to know more about Gapper's claim that "Royal Bank's capital backing and management expertise have helped develop operations such as Citizens and Direct Line".

Reducing the volatility of Royal Bank's earnings and providing a "balanced" chair for Mr Mathewson to sit in, creates no extra cash for shareholders and so provides no argument for diversification.

Andrew Campbell,
director,
Ashridge Strategic Management Centre,
17 Portland Place, London W1

UN sees humanitarian successes in Somalia

From Mr Malcolm Harper.

Sir, A month ago you reported some comments of mine ("UN's Somalia military role attacked", April 7) about the miliary role of the United Nations in Somalia, both during the American (non-UN) presence there and since its departure at the end of March. Your article chose not to cover those parts of my report which discussed the UN's humanitarian and legal programmes there.

Somalia today bears little resemblance to the war-torn country of two years ago. A number of international and a host of Somali organisations have involved themselves in relief and reconstruction, and the UN has, particularly through Unicef and its legal section in the UN operation in Somalia (Unosom), played a key role in these processes.

Whereas, by late 1992, more than a quarter of a million children had died from starvation caused by warfare, drought and poverty, now malnutrition is no longer a major emergency; more than 750,000 children have been vaccinated against a range of diseases; more than 80,000 have returned to school; some 3,000 water wells have been rehabilitated. Health services and food production are being revitalised and Somali women's organisations are more active than ever before.

Cholera was detected in Somalia in February. Unicef played the leading role in structuring and resourcing a large campaign to educate people about the causes, symptoms and correct treatment of the disease; and – more importantly – how to prevent it. It also took action to chlorinate wells all over the country. To date some 15,000 cases have been identified, with 500 deaths. When we remember that the capital, Mogadishu, alone has a population of 900,000 people with very poor sanitation, to have kept the number of cases so low is a considerable achievement.

The Unosom legal team is helping to re-establish district and regional administrations and is insisting that women should be included in them. A police force, a judiciary and a prison service are now being re-established.

The enormous problems of the population are by no means over. But our fears that the withdrawal of the US and most of the European miliary contingents would very possibly lead to renewed warfare have not materialised.

Somalia today remains a story of cautious optimism, as I said five weeks ago. In this context, the military problems of Unosom should not be seen as the beginning and the end of the UN story.

Malcolm Harper,
director,
United Nations Association of Great Britain and Northern Ireland,
3 Whitehall Court,
London SW1A 2EL

Chunnel threat to languages

From Mr M S White.

Sir, So much for the French efforts at language preservation. A Radio 4 item on the Eurotunnel opening ceremony included two announcements, in French, from the public address system aboard the train. The first thanked the passengers for using "le Shuttle", the second trusted that they had enjoyed the facilities "au club car".

M S White,
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FINANCIAL TIMES

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Friday May 13 1994

Labour after John Smith

Mr John Smith's death at the early age of 55 is a shock to his party and a loss to British politics. As leader of the Labour party Mr Smith combined an acerbic parliamentary style with a stabilising gravitas. His supporters believed that under him Labour was at last cruising through the wreckage of a shattered Conservative party towards its first general election victory since 1979.

Mr Smith was, in certain respects, ideally qualified to lead the Labour party. A committed member of Labour's moderate wing through its internecine 1980s struggles over defence, Europe and the economy, he was attractive to the party's right wing.

At the same time, his burning sense of social justice buttressed by a belief in engaged government, deeply rooted in his Scottish political base, made him acceptable to those on his left. A period as shadow chancellor prior to the 1992 election confirmed his stature and led to overwhelming triumph in the leadership contest later that year.

Yet for those whose starting point is not Labour loyalism, but a desire to see more than one modern political party capable of forming an effective government, Mr Smith's leadership must be judged a disappointment. The unhappy consequences of Labour's pre-election decision to publish a tax-raising "shadow Budget" appeared to convince him that the party would in future win most by saying least. At the same time, although he supported efforts to modernise the party, he believed that more Kinnock-style, high-profile internal reform would only provoke more politically damaging internal feuds.

Positive response

In short, Mr Smith contended that Labour, without need for further varnish, was ready for office, an idea which sat uneasily with the fact that the party had just lost an election in the middle of the second longest recession since the 1930s. Even in last week's local authority elections, with the Tories in despised disarray, Labour's 41 per cent of the vote fell short of the level needed for clear victory in a general election. There has been no sense among Mr Major's sea of troubles that Labour is evoking a positive response from the general public.

This must be in some measure because the party has been silent or unconvincing on the most important issues. Its approach to the European question was to seek tactical advantage during the Maastricht debate, whilst avoiding re-examination or reaffirmation of the Europhile position of its own 1992 manifesto. Who can say today where Labour stands on any important aspect of the development of the European Union? On the economy, the commitment to renationalise private utilities has been muted, but there is no clear sense that the party understands how to work more effectively with a flourishing private sector for its own broader social and political objectives.

Opportunist attitude

Its ideas on unemployment are difficult to take seriously given the dogma on minimum wages and labour market regulation. The party's attitude to necessary reform in health, education and the civil service remains opportunist and reactionary, tainted by alliance with the producer interest of the public sector trade unions.

When it comes to party institutions and treasured nostalgias, Labour has been too ready to compromise. As a result, the party remains constitutionally committed to "the common ownership of the means of production, distribution and exchange", whatever that means. Another legacy is an electoral college for selecting a leader in which the trade unions still have one-third of the votes.

This last fact casts an extra pall of gloom onwards from yesterday's sad news. Once again, trade union leaders will play a crucial role in appointing a Labour leader. A satisfactory outcome therefore requires some of those leaders to have the vision and the courage to look beyond the direct interest of their members, which is not what they are paid to do.

This electoral college may thus prove incapable of electing the radical and modernising leader Labour needs if it is to play a serious part in the future of British politics. The most attractive standard-bearer for that modernising cause looks like Mr Tony Blair, the shadow home secretary. It is time for him to launch the political fight of his life.

New concerns on development

The troubles of the African Development Bank that have emerged this week – its mounting arrears, problem loans and poor management – reflect in part the dire economic circumstances of the continent it serves. They also raise fundamental doubts about the wisdom of encouraging the bank to lend substantial sums at market interest rates to low-income countries, many of which were already severely distressed by heavy debt burdens.

The bank's management bears a large part of the responsibility for the mess, though shareholders from donor governments and other international financial institutions cannot escape their share of the blame. These failures must be comprehensively rectified. More than that, questions have to be asked about the institution's future and the extent to which its non-concessional loans are appropriate for Africa.

Questions also arise for other regional development banks. The latter are in better shape than the African bank, but do share some of its problems. Most suffer from internal politicisation. Lacking the technical strengths and the diversity of membership of the World Bank, the regional banks have also been more vulnerable to the ideological and political disputes between donors – especially the US – and recipients.

An atmosphere of distrust has too often existed between borrowers and non-borrowing members and also between shareholders and management. Battles have raged among member governments over important positions within the institutions. The banks have been encumbered by big and costly boards of directors, which have interfered frequently – but often, as the African bank's troubles suggest, to little effect. Meanwhile, managements have been more influenced by quantity than by quality, in making loans.

Ideological baggage

With the dumping of the ideological baggage of the cold war, there is now an important opportunity to rid the regional development banks of these damaging disputes.

The US government, the most powerful shareholder of these institutions, has recently emphasised their importance to the new world order, in the most positive terms. According to US Treasury undersecretary, Mr Lawrence Summers, the regional development banks are now "as important to the new world order as the regional security organisations were to the old one". The task of fighting communism had, he said, been replaced by that of sharing prosperity.

Greater expertise

Despite past failures, there is much to commend Mr Summers's point of view. Multilateral lenders are able to leverage large amounts of finance from capital markets and banks, so stretching donor taxpayers' dollars further. Multilateral assistance is almost always more effective than bilateral aid. This is partly because multilateral institutions possess greater expertise than most governments, but also because bilateral aid is often for political, rather than developmental purposes. But concentrating multilateral aid in one institution – the World Bank – would create an undesirable monopoly. There is, in any case, a virtue in creating pools of regional development expertise.

A new consensus between rich and poor countries puts the market at the centre of the development agenda. The main role of the regional development banks should become that of encouraging the development of markets, helping correct market failures, and alleviating the hardship created by reform. Since each continent faces specific problems, the regional development banks need separate, if overlapping, agendas.

The US administration and other donor governments wish to give the regional development banks a new set of lending conditions, covering "good governance" – the extent to which governments are democratic and free from corruption. These new conditions are well-meant, but must be treated with caution. Apart from being difficult to operate in a non-arbitrary fashion, they will be viewed as another attempt by rich countries to impose their will on poorer ones. The banks must not be politicised anew. They must also not be deprived of the clear-cut objectives essential to effective operation.

Question mark over UK politics

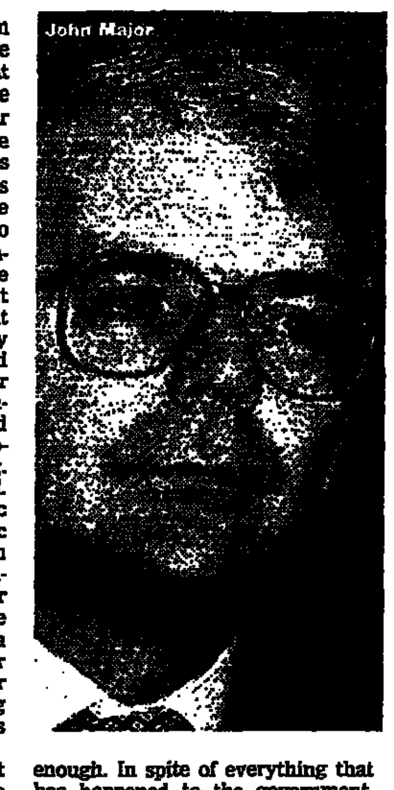
The three main national parties must look afresh at themselves, writes Joe Rogaly

John Smith brought a sense of decency and fair play to public life. He embodied Labour's passion for social justice. He had the manner and the bearing of a prime minister. In office, he would have been excellent. In opposition, he followed his own instincts, which were not everyone's. When I last saw him, a couple of weeks ago, he was good-humoured, confident that his strategy of keeping Labour's options open would ensure victory at the next general election. Many Conservatives thought the same.

His death leaves a huge question mark over British politics. All three national parties must look afresh at themselves; all must re-determine the basis on which they offer their services to the electorate. The Thatcherite certainties of the 1980s have melted away. Ideology has vanished. Debates that might have been concluded years ago remain to be settled. The distinguishing feature of the political discourse of the 1990s is confusion. This is apparent in north America, where in recent elections the Canadians nearly obliterated their Conservatives and millions of Americans voted for Ross Perot. It is evident in continental western Europe, where the old Christian Democrat/Social Democrat consensus is visibly crumbling.

In short, the world has changed. The nations of the north Atlantic can no longer aspire to economic self-sufficiency. They either join trading blocs, or seek to open themselves to the global marketplace, or both. The social structure of the 1950s, in which the archetype was a two-parent family with the father earning the income and the mother minding the children, is being replaced by many and varied forms of cohabitation.

Men have been losing permanent employment, while women have taken cheaper part-time or temporary jobs. The relationship between capital and labour has been subtly altered by the fall of communism. Trade unions must adapt or fade away. Unemployment, or the fear of it, has touched most families. There is a perception, not wholly supported by reality, that crime is increasing at a relentless pace. In many cities people prefer not to walk alone in dark streets. No wonder the voters are nervous.



Traditional parties of government cannot guarantee deliverance from such apprehensions. It is not surprising that some Europeans are turning to the far-right, or the Greens. In Britain they are not sure where to place their crosses. Last week's local election results tell the story. The Tories are not, in their current mood, attractive. The Liberal Democrats are once again resurgent, but they will probably remain a repository for protest. Labour did well, but not well enough. In spite of everything that has happened to the government, the people's party scored a lower share of the popular vote than the Conservatives did at the last general election.

What is likely to follow from Labour's search for a new leader is a tangle. The behaviour of each of the three national parties will affect the fortunes of the other two. Take Labour first. At bottom it is still the political wing of the trade union movement. In choosing whether to break away from that constraint, it starts from where it was in April 1992. Mr Neil Kinnock, who resigned as leader after losing the election, had "modernised," the party, but insufficiently so.

Voter-repellent policies such as unilateral disarmament, renationalisation, a return to the pre-1979 trade union legislation, and anti-Europeanism were jettisoned. What remained was still visibly the political wing of the unions, offering a programme of red-rose regulation. Labour longed for a return to big government, as its many undertakings indicated.

The promises made under Mr Kinnock enabled the Conservatives to warn of a "tax bombshell" if he won. This dubious tactic succeeded. A shocked Labour party quickly elected Mr Smith as its new leader. The vote was as good as unanimous. In spite of the candidacy of Mr Bryan Gould, there was no serious debate about how the world had changed. Party policy was taken as Mr Kinnock had left it, preserved in aspic, and set aside. The exception was taxation, in which an effort was made to dissociate Labour from its earlier stated ambitions. This strategy seemed to Mr Smith to justify itself. The Conservatives were tearing themselves apart. Why should Labour interfere?

Some progress *was* made. In October last year Mr Smith bravely gambled on a single vote at the party conference. The union bloc vote was abolished, in favour of one-person-one-vote. Yet Labour still depends on the unions for financial support. It is still the parliamentary expression of the labour movement. Members vote individually, but the danger remains that unions may organise a powerful constituency for "old Labour", the party pulled by a carthorse, the gang of comrades associated in the public mind with queues, levelling-down, the maximalist state, and shoddy council housing.

The new leader will have his or her work cut out to complete the transformation initiated under Mr Kinnock. "New Labour", if it came into being, would seek market solutions to unemployment, radical policies on crime, and 1990s – not 1950s – approaches to education, health and social services. The party leader would value the intent behind "back to basics" in a world worried about the effect of sex 'n violence on family life. Only one of the likely candidates fully understands what needs to be done, and has the character necessary to convince former Conservatives and Liberal Democrats that "new Labour" could meet their aspirations. He is Mr Tony Blair. Mr Gordon Brown is a "moderniser," but dolorous. Mr Robin Cook has the intelligence to sound modern, but he comes across as too clever by half. Mr John Prescott is wily, but looks "old Labour". There are other potential candidates, but Mr Blair towers above them all.

If "old Labour" prevails the Conservatives will feel reprieved. The British polity would be the loser. For just as Labour failed to transmogrify itself after April 1992, so the Tories trundled, if a little unsteadily, along the same old tramlines after November 1990. Lady Thatcher left office, but Thatcherism stayed behind. The party is now hopelessly divided. Mr John Major added insult to injury by winning in April 1992 when, in the Thatcherite view, the upstart was supposed to lose. He has strained himself to please first the Europhiles, then the Eurosceptics, but the Conservatives are beyond the tactics of one of nature's whips.

Europe is the largest problem, but not the only one. The application of quasi-market principles to education and health has not worked well, yet no re-thinking is being done. Local government has been all but destroyed. Ministers are exhausted or complacent or both. Administration is sloppy. Bills are hastily drafted and as hastily amended. Survival is the predominant motivation for most cabinet decisions. What the Conservatives need above all is a period of rest and recuperation in opposition. Whether they get it depends in large part on what Labour does now.

The Liberal Democrats will also be affected by Labour's decision. They have tried harder than the other two to understand the new world. Mr Paddy Ashdown, the party leader, recently spent some time with "ordinary people" and wrote a book about his experiences. He proposes a less hierarchical society, better education, reduced dependence on central government, communities responsible for their own actions. Mr Blair's Labour would be directly competitive with such a package; it would also embrace Mr Ashdown's party if need be. The Liberal Democrats might flourish more if an "old Labour" leader emerges. An unreformed Tory party plus an unreconstructed Labour must help the purveyors of the third choice.

That is the long-term outlook. The elections to the European parliament and the fate of Mr Major will occupy us in the next few weeks. These are minor matters. The choice by Labour of a leader to succeed Mr Smith is potentially of far greater importance.

Don't cut and run in a crisis

PERSONAL VIEW

Despite years of effort and restructuring, the international real estate crisis which erupted in 1989 has strained the banking system and had a negative effect on economic recovery in the US, Europe and Japan. Now, however, solutions and ideas beckon from an unexpected quarter: the international debt crisis. For more than a decade, bankers and public officials have worked together to resolve the debt crisis which hit Latin America in 1982. Last month, Brazil became the last of the big Latin American economies to resolve its external debt problem by completing a $49bn financing package.

The two crises were very different, but borrowers and lenders associated with the international debt problem learnt some important lessons which may now point the way out of the real estate slump.

The first is, don't cut and run. Many institutions which did just that are clamouring to do business with developing countries again, now that they are recovering. I see a similar response developing in the real estate market. Lenders and other property holders should resist the temptation to sell prematurely. Yet they should not be afraid to deal in the marketplace. In order to assess the resources necessary to maximise the market value of property and determine a reasonable time frame for realising that value, proper analysis is required, avoiding the flawed assessments of economic and market trends that occurred in the 1980s.

As lenders and property holders make such an analysis on each of their properties, they will often find that time is on their side. Staying with the business affords more opportunities for finding buyers of distressed property. Those who remain for the long haul will stand a better chance of realising the full value of assets and will be in the best position to profit when the market turns.

The second lesson is to take each case on its merits. The debt crisis highlighted that, from country to country, different economic policies were needed to reflect different realities. A like-minded logic compels the same strategy in real estate: each property is unique. In most cases, packaging debt of varying quality tends to lessen the value of the most attractive assets. As creditor banks and debtor property holders work towards individual solutions they invariably hit upon financial innovations that figure prominently in shaping the subsequent turnround.

Those who remain for the long haul will stand a better chance of realising the full value of assets

One enduring legacy of the international debt crisis is the emergence of secondary markets dealing in developing country debt. Non-existent 10 years ago, these markets now do more than $2,000bn of business annually. Liquidity adds value. The debtor does not change – the nature of the paper does.

The first step toward securitisation of foreign debt was in 1984, when Mexico and its creditor banks agreed, as part of a multi-year restructuring, to allow the conversion of Mexican debt into equity. Chile, Argentina and other countries later used this restructuring instrument in their privatisation efforts. This heralded a market-based solution to the debt problem. Banks and other institutions soon began making markets in debt. This trend led to Brady bonds and, more recently, mutual funds of emerging market debt.

Real estate can learn from this experience and, indeed, a variant of the debt-equity swap is now emerging. A few real estate lenders are refinancing debt in return for a substantial equity stake in the underlying property. That way the lender does not just take the losses; if a property's value bounces back, both lender and borrower reap gains.

The biggest beneficiary of the international debt experience, though, has been the emerging field of commercial mortgage securitisation. In 1993, $18bn of new commercial mortgage-backed securities was issued in the US – three times the 1990 level. Securitisation is becoming a sure-fire way of liquefying real estate portfolios and expanding the investor base.

Of course, banks will continue to be an important source of new mortgages, but they will come to rely on securitisation as a means of diversifying real estate portfolios and avoiding the interest rate squeeze that hurt bank profits during the 1970s.

The experience of the last decade suggests that no crisis is intractable. As institutions go about fixing these crises, they find that they are also changing business fundamentals in a positive way. In a very real sense they are creating the future from the wreckage of the past.

William R. Rhodes

The author is vice-chairman of Citibank and Citicorp with responsibility for North America commercial real estate. Since 1982, he has been chairman of the industry-wide advisory committees for Brazil, Argentina, Peru and Uruguay, and principal co-chairman of the committee for Mexico

Best game in town

■ One notable absentee from Bonn over the past two days, while Boris Yeltsin and company have been having fun with Helmut Kohl, was Volker Rühe, Germany's normally gregarious defence minister.

Although his Russian opposite number, Pavel Grachov, was in the Yeltsin entourage, Rühe left town for a a meeting with the Danish and Polish defence ministers at Rostock, on the Baltic coast.

It was left to his state secretary, Jörg Schönbohm, to play host, and take part in the ticklish talks about how and when the Russian troops will exit east Germany.

There was ugly talk of a diplomatic snub. Not so, says Rühe: "It's just that I am not a man to break my prior engagements." But Observer has heard an alternative tale which might explain his absence. The wiry Grachov, an ex-paratrooper, wanted to challenge his rival to a game of tennis. The wily Rühe left the court to Schönbohm, another tough soldier, rather than risk losing the game.

Invisible man

■ What is wrong with Sid, the mythical small investor in the 1986 British Gas flotation? The powers that be behind the flotation of 3i, the country's biggest venture capitalist, have invented their own shareholder hero and christened him Jeremy. Apparently he's a middle-class investor who reads the Financial Times or another broadsheet, and listens to Classic FM. He also has at least £1,000 to spend on adding 3i to his equity portfolio.

Sadly, Jeremy is a rather shy type who doesn't want any publicity, unlike Sid. But if you feel strangely drawn to 3i, maybe you are a Jeremy.

White wash job

■ The mood at the Bank of Spain is distinctly glum these days. Ex-governor Mariano Rubio, is on remand in clink on suspicion of tax offences, and other names from the bank have been indirectly linked to the controversy.

The present governor, Luis Angel Rojo, placed investments with the same firm as Rubio (although he has made clear he did so only for a short time and declared everything). So did a previous deputy governor and another previous governor.

Visitors will therefore not be surprised to find the bank hidden under a veil whilst workers try and clean it up in time for the annual IMF and World Bank meeting in Madrid in October. When they have finished the familiar grey stone facade should be whiter than white.

'Would you mind very much if I lied?'

Nice example

■ After yesterday's story about the good life atop the African Development Bank, a visitor to the recent Asian Development Bank annual meeting in Nice has more reassuring news.

Apparently ADB officials were so keen to ensure that they weren't criticised for having a good time at shareholders' expense that they shunned the upmarket hostelries, such as the Negresco on the Promenade des Anglais. Instead, they checked into a handy Novotel, a concrete block house frequented by travelling salesmen and other second class citizens.

That's the spirit.

Consultant Pat

■ Oh dear. The hot favourite to become director of the left-leaning Institute for Public Policy Research has dropped out of the race.

Patricia Hewitt, the IPPR's telegenic deputy director, has decided to follow in the footsteps of Margaret Hodge, the ex-Labour leader of Islington, and become a management consultant.

Hewitt, 45, is off to be head of research at Andersen Consulting, the UK arm of the world's largest consultants.

Her experience as general secretary of the National Council for Civil Liberties and policy co-ordinator for Neil Kinnock will now be deployed on behalf of Andersen's capitalist clients such as Barclays Bank and BP.

That leaves the IPPR without a director or deputy director at a time when the left's electoral chances look better than ever.

Whoever gets the job could expect to fill Sarah Hogg's seat, as head of the Prime Minister's powerful policy unit, if Labour won the next election.

Exposed

■ Merrill Lynch seems desperate to differentiate itself from the faceless workaholics at Goldman Sachs. It has taken to illustrating its research work with specially commissioned cartoons of its star analysts.

Merrill's latest European Equity Monitor has a fancy cartoon of Frenchman Edouard de Boisgelin, its foods analyst, in hunting fatigues and pith helmet, armed with an elephant gun.

Merrill notes that "pickings have been lean of late ... but there will surely be a time when the food analysts return, guns blazing".

In the meantime, Merrill's clients will be comforted to learn that De Boisgelin "takes regular weekend sojourns in the ancestral home in Normandy to tend the cellar with its ancient vats of Calvados." And if you ever need a recommendation for a restaurant in Paris, "Edouard is your man", says Merrill.

Great, but what are his stock recommendations like?

Life threatening

■ Three religious leaders were discussing the meaning of life.

The catholic was emphatic that life began at the moment of conception. The Protestant felt certain that life began at the moment of birth.

But the rabbi with utter conviction insisted that life began when the children had left home and the dog had died.

FINANCIAL TIMES
Friday May 13 1994

Narrow vote to end UN embargo puts pressure on Clinton

Senate backs arms for Bosnia

By George Graham in Washington and Chrystia Freeland in London

The US Senate yesterday voted for the US to lift unilaterally the United Nations embargo on arms shipments to the Bosnian Moslem government, adding to pressure on President Bill Clinton to become more aggressively involved in the Bosnian conflict.

By a single vote margin the Senate passed a resolution proposed by Senator Robert Dole, the Republican leader, prohibiting the president from impeding shipments of conventional weapons to the Bosnian government. The Senate also voted for a less radical measure, backed by the administration, calling for efforts to persuade America's allies to agree to lift the arms embargo.

The unilateral measure is unlikely to have any immediate impact on US policy, since it would first have to come to a vote in the House of Representatives and could then face a presidential veto.

But it raises the domestic stakes for Mr Clinton, who himself favours lifting the embargo. He has refused to do so without the agreement of the UN and particularly of his European allies who have troops at risk in Bosnia.

European diplomats had been rallying opposition to any unilateral move, fearing it could jeopardise UN humanitarian operations in Bosnia and create an ominous precedent by disregarding a UN resolution.

US senators supporting the resolution argued that although the 1991 UN resolution prohibited arms shipments to any of the republics of the former Yugoslavia, Bosnia had suffered most from the ban.

The Senate vote comes on the eve of talks between foreign ministers from the US, Russia and the European Union meeting in Geneva today to try to relaunch the peace process. The vote also reflects a growing frustration among western nations about the failure to secure a settlement that all sides will accept.

France will propose today that the so-called contact group of countries meeting in Geneva should demand an immediate ceasefire, reaffirm the existence of Bosnia-Hercegovina as an independent state and recognise that it can exist only as a confederation of different communities.

But Mr Alain Juppé, the French foreign minister, has caused concern in the US by referring to the possibility of an imposed settlement, a position which is being strenuously opposed by Washington.

The US has been unwilling to press the Bosnian government to accept a territorial division that it believes to be unjust, although Mr Warren Christopher, US secretary of state, told Mr Juppé the US backed the principle of a division giving 51 per cent to the Moslems and Croats and the remaining 49 per cent to the Serbs.

The Serbs are claiming the 70 per cent of Bosnian territory they now control, while Moslem and Croat negotiators are demanding 58 per cent.

Mr Juppé insisted there was no serious rift between the US and French positions. "It's not a question of imposing on the parties a peace plan that they don't want. The question is whether we are ready to exert pressure on the parties to accept a reasonable plan," he said.

Producer prices fall

Continued from Page 1

next week in the hope of preserving the economy's good inflation performance," said Mr Neal Soss, chief economist at First Boston Corporation, a New York brokerage.

If the Fed opts to send a strong signal, it may announce an increase in the discount rate, the notional rate at which it lends to banks. Increases in the discount rate, known as "ringing the gong", have a stronger psychological impact than increases in the federal funds rate, which serves as a floor for money market rates.

In foreign exchange markets, an increase in US rates is widely seen as a logical counterpart to the cut in German rates announced on Wednesday and the concerted intervention in support of the dollar last week.

Private sector economists believe that further increases in short-term rates are also required to slow the rate of US economic expansion and prevent the economy hitting capacity constraints.

Technology

Continued from Page 1

around in the palm of your hand", Mr Edward Engler, program director of IBM's optical storage laboratory, said. "With the advent of the information superhighway, many people will be asking for access to huge amounts of data."

One application could be the storage of millions of movies for video-on-demand services.

The new disc will not work in today's compact disc drives.

Multilayer CDs will inevitably be more expensive to manufacture than single layer discs, but the cost of storing each item of information should be significantly lower.

African aid bank pressed to tighten lending policies

By Leslie Crawford, Africa Correspondent, in Nairobi

The African Development Bank sank further into chaos and political intrigue yesterday as its African and other owners failed to agree on action to combat mounting arrears, poor lending policies and the disruptive feuds between the bank's president and members of his executive board.

Donor countries are threatening to hold back the replenishment of the AfDB's soft-loan arm, the African Development Fund, unless African member countries, who own two-thirds of the bank, clear arrears totalling $700m and agree to tighter lending policies.

Donors also want to place limits on the terms of the president and executive directors to avoid the personality clashes which have paralysed decision-making.

Mr Babacar Ndiaye, the bank's Senegalese president, is serving the final year of his second five-year term, while the longest serving member of the executive board, Mr Pierre Moussa of Chad, has been there for 19 years.

But a week of negotiations has been unable to produce even a common agenda for discussion at the AfDB's annual general meeting in Nairobi. As a result, bank governors, finance ministers and aid officials from more than 70 countries will be leaving the Kenyan capital today without having discussed matters which impinge on the very survival of the bank.

"The non-payment of arrears is the most dangerous issue threatening the bank," Egypt's central bank governor, Mr Ismail Mohamed, said yesterday. "Some borrowing countries feel that because it is their regional bank, they can afford to fall back on payments. This cannot be allowed to continue."

However, most African governors oppose a resolution presented by industrialised countries, which own one-third of the AfDB, that would restrict the bank's lending to Africa's wealthiest governments. A concessionary window would be made available to the continent's growing list of impoverished nations.

The African Development Fund, however, has run out of resources, and donor countries are not pledging any more funds until the bank solves its internal administrative and governance problems.

Bank meeting runs into the sand, Page 4
Editorial Comment, Page 17

Turmoil after Labour leader's death

Continued from Page 1

Westminster last night four of the leading figures in the shadow cabinet were potential contenders in a struggle which will decide the party's future direction and be critical to the outcome of the next general election.

Mr Tony Blair, the 41-year-old shadow home secretary and one of the most prominent leaders of the so-called "modernisers", was quickly tipped by MPs on both the right and left of the party as the most likely successor.

Several members of the shadow cabinet said Mr Blair, whose has a strong appeal among the middle-class voters in the south who Labour needs to win back in a general election, was the obvious choice. Some backbench MPs were suggesting a "dream ticket" under which Mr John Prescott, the left-wing shadow employment secretary, would take the deputy leadership. But Mr Gordon Brown, shadow chancellor of the exchequer, and a close friend of Mr Blair and a fellow moderniser, is also a strong contender. Friends of the two men said they would agree on a single candidacy for advocates of reform rather than fight each other in a contest.

On the left of the party, Mr Prescott and Mr Robin Cook, shadow trade spokesman, could expect support from the constituency and trades union sections of the electoral college which chooses the party leader. Mrs Beckett and Mr Jack Cunningham, the shadow foreign secretary, might also join the contest.

The party made it clear last night that the protracted process of choosing a new leader would not start until after the June 9 European poll.

As senior Labour figures contemplated the succession, the judgment of Conservative ministers was that Mr Smith's tragic death had greatly reduced the threat to Mr Major from the June 9 European elections.

A protracted struggle for the Labour leadership would shift much of the political focus from internal divisions in the Tory party over Europe to the Labour succession, in turn easing the immediate pressure on Mr Major.

Conservative MPs said Mr Smith's death had also severely dented the leadership chances of Mr Michael Heseltine, trade and industry secretary. Mr Heseltine suffered a minor heart attack last year.

Leading critics of the prime minister on the Tory backbenches acknowledged that they now saw virtually no chance of a move to oust him in the summer if the government suffered a heavy defeat in the European poll.

THE LEX COLUMN

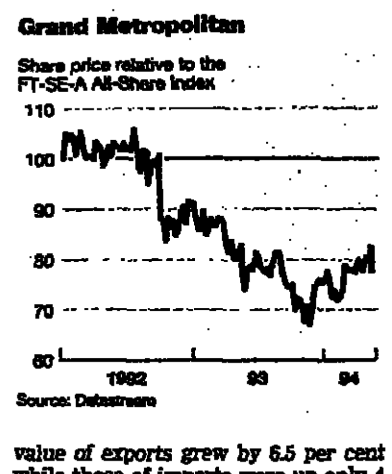
GrandMet's long vision

Grand Metropolitan's interim results contain a couple of disappointments for which even several tots of its new cinnamon schnapps laced with flakes of real gold cannot compensate. Economic recovery in the US has not filtered through to the drinks industry. GrandMet has failed to enjoy the uplift that would offset the £40m cost of destocking there. Admittedly, its North American food business is doing better, but recession has pushed European food into a £3m loss on first-half turnover down around 10 per cent – despite the effort that has gone into Häagen-Dazs ice cream. Since the market does not attach much quality to the extra earnings that Grand Metropolitan now promises from a lower tax rate, it is no surprise that the shares fell nearly 6 per cent on yesterday's figures.

Consider the longer term perspective, though, and a different picture emerges. GrandMet has not only reduced its debt due to the sale of Chef & Brewer; it is also generating more cash, partly as a result of sharply lower provisions spending. Gearing would still be 270 per cent if intangibles were stripped out of its balance sheet, but interest cover is a comfortable 8.9 times. Trading improvements at both Pearle spectacles and Inntrepreneur pubs mean these businesses could be shed within a couple of years. That could yield another £750m or so in cash.

This receipt would enhance earnings even if it were simply put on deposit. GrandMet ought easily to find a way of investing the money to secure additional growth. At some point, it will have to decide whether there is sense in trying to acquire critical mass in European food. But US food and the emerging drinks markets in the developing world offer opportunities that GrandMet will increasingly be able to afford. As that sinks in, its shares may start to look cheap.

FT-SE Index: 3137.8 (+7.3)



Source: Datastream

UK economy

While it is a comfort to see the trade deficit narrowing in February, it is still difficult to know how much trust to place in the government's reworked statistics. The apparent discrepancies remain startling. Non-oil imports from the EC, for example, are recorded as falling 3.5 per cent by volume in the quarter to February compared with the same period a year before; those from other countries are shown rising 5 per cent. Despite the lingering effect of sterling's depreciation, the unit value of exports grew by 6.5 per cent while those of imports were up only 4 per cent. Either exporters have used the fall in sterling to claw back margin rather than build sustainable market share, or the figures are wrong and more goods were actually exported but at lower prices.

That would have broader significance because it would mean the government has also understated manufacturing output and hence the overall economic growth rate. But it does not mean the trade balance will be less of a constraint in the end, especially since the chances are that import volumes have also been understated. The UK retained a propensity to import throughout the recession. Recovery elsewhere in Europe may prove a palliative by boosting exports, but it may not suffice for long.

Royal Insurance

Royal is not alone in having its climb back into UK profits spoiled by losses in the US. First-quarter figures from General Accident and Commercial Union this week also carried the scars of storms and earthquakes. The US insurance market as a whole has had its worst ever start to the year. Even when losses from severe weather and the Los Angeles earthquake are stripped out, though, Royal's US underwriting performance shows no improvement over last year.

Since the company started to sacrifice market share in the interest of profits in 1989, that must be counted as a disappointment. Annual written premium has fallen by around 30 per cent since then as Royal retreated from the western states. The snag is that premiums have fallen faster than expenses, making Royal less competitive. Persuading insurance agents to pass on the best business has also proved difficult. One can only hope that another round of cost-cutting and an infusion of new management will have the desired effect.

Royal certainly cannot count on help from others in the insurance market. Despite recent underwriting losses, there is no sign of a general increase in rates. Turmoil in the bond market might just spur US insurers into action. With a US fixed-interest portfolio of around $4bn, Royal cannot relish any further plunge in bonds. But investment losses are only a short-term worry. Until investors can scent a decent insurance return from the £1bn capital tied up in the US, Royal will continue to trade at a discount to net assets.

ECC/Camas

While English China Clay's decision to demerge its aggregates division makes strategic sense, the timing now looks less inspired. The building materials sector has under-performed the stock market by 20 per cent since the peak in mid-March. While it was never the intention to raise additional capital through demerger, Camas might have wished for more auspicious circumstances in which to make its debut as an independent company.

Profit-taking rather than a sober reappraisal of the growth prospects seems to be to blame for the sector's slide. Earnings forecasts have not in general been lowered. But aggregates companies never promised an immediate profits recovery. While building products prices will probably rise in the UK this year, volumes remain weak due to restrained public spending. Camas is especially vulnerable to any cuts in the government's roads programme. Its US aggregates business is also earning decent margins already, which might lessen the recovery prospects. These factors argue for caution in valuing the shares.

A share price of around 80p would give a yield of 5.8 per cent on the promised 3.75p dividend. Bardon, the closest in the sector in terms of business mix, yields a shade more but has a weaker balance sheet. Such a share price is doubtless lower than Camas hoped for a few weeks ago. Even so, a market capitalisation of around £250m would be better value for ECC shareholders than could have been realised through a trade sale.

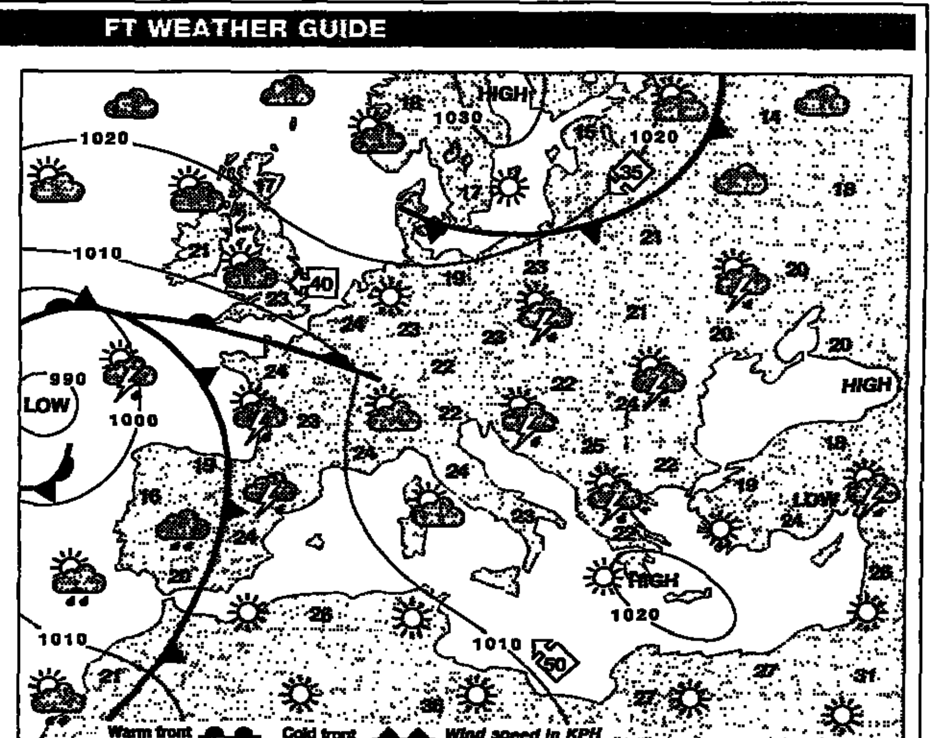
FT WEATHER GUIDE

Europe today

Moderate to strong easterly winds will continue to draw dry warm air towards Germany, the Benelux and the British Isles. Sunshine will be plentiful and temperatures may again reach 20C-25C. Active low pressure over the Atlantic will be responsible for south-westerly winds over France, bringing in warmer but more humid air. France will start off with sunny periods, but cloud will increase in the afternoon followed by thunder showers in the west. The Atlantic depression will cause numerous showers in Portugal, western and later northern Spain. The east coast of Spain will be drier with sunny spells. Small disturbances over eastern Europe will mean afternoon showers in the Balkans. Southern Greece and western Turkey will remain rather sunny and warm.

Five-day forecast

On Saturday, thunder showers over France will spread to southern Britain and southern parts of the Benelux, followed by cooler conditions on Sunday. Portugal and western Spain will remain unsettled with occasional thunder showers. Scandinavia will become increasingly unsettled because of low pressure activity.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius															
			Beijing	shower	28	Caracas	fair	29	Edinburgh	hazy	17	Madrid	shower	18	Rangoon	cloudy	35
			Belfast	fair	22	Cardiff	fair	23	Faro	thund	19	Majorca	fair	25	Reykjavik	fair	12
Abu Dhabi	sun	36	Belgrade	fair	25	Casablanca	shower	19	Frankfurt	fair	25	Malta	sun	25	Rio	rain	27
Accra	shower	32	Berlin	fair	23	Chicago	sun	24	Geneva	sun	22	Manchester	sun	22	Rome	fair	23
Algiers	fair	26	Bermuda	shower	23	Cologne	fair	26	Gibraltar	shower	21	Manila	shower	35	S. Frsco	fair	20
Amsterdam	sun	23	Bogota	cloudy	20	D' Salaam	shower	25	Glasgow	fair	22	Melbourne	rain	16	Seoul	fair	28
Athens	sun	23	Bombay	fair	34	Dakar	fair	25	Hamburg	sun	20	Mexico City	sun	26	Singapore	cloudy	32
Atlanta	fair	28	Brussels	sun	25	Dallas	thund	30	Helsinki	cloudy	12	Miami	sun	32	Stockholm	sun	15
B. Aires	sun	19	Budapest	shower	22	Delhi	sun	38	Hong Kong	cloudy	32	Milan	fair	23	Strasbourg	sun	24
B.ham	fair	22	C.hagen	fair	18	Dubai	sun	35	Honolulu	fair	29	Montreal	fair	8	Sydney	rain	19
Bangkok	shower	35	Cairo	sun	33	Dublin	fair	18	Istanbul	sun	19	Moscow	rain	15	Tangier	shower	19
Barcelona	shower	21	Cape Town	sun	22	Dubrovnik	shower	23	Jersey	thund	15	Munich	sun	20	Tel Aviv	fair	27
									Karachi	sun	34	Nairobi	cloudy	26	Tokyo	fair	27
									Kuwait	sun	34	Naples	fair	24	Toronto	sun	11
									L. Angeles	fair	21	Nassau	fair	31	Vancouver	shower	14
									Las Palmas	fair	22	New York	sun	18	Venice	fair	21
									Lima	cloudy	23	Nice	fair	21	Vienna	shower	22
									Lisbon	thund	18	Nicosia	sun	24	Warsaw	fair	23
									London	fair	24	Oslo	fair	19	Washington	sun	19
									Lux.bourg	fair	24	Paris	fair	25	Wellington	fair	11
									Lyon	thund	24	Perth	fair	19	Winnipeg	shower	23
									Madeira	cloudy	20	Prague	shower	22	Zurich	sun	23

FINANCIAL TIMES
COMPANIES & MARKETS
Friday May 13 1994

IN BRIEF

John Fairfax advances 20%

John Fairfax, the Australian newspaper group, lifted operating profits by 19.8 per cent to A$144.9m (US$102m) in the nine months to end-March. It said the improvement was "mainly attributable to increased advertising volumes, derived from improved trading conditions and modest advertising rate and cover price increases". Page 23

NatWest in HK broking venture
National Westminster Bank of the UK is to re-establish an equity broking operation in Hong Kong through a US$100m joint venture with local merchant house Wheelock. NatWest closed a broking arm in Hong Kong three years ago. Page 20

RAS plans international expansion
Italian insurance company Riunione Adriatica Sicurtà is planning further expansion, particularly outside Italy. Shareholders, meeting on June 29, will be asked to give the board a five-year mandate to increase the company's nominal share capital by up to L1,000bn. The company, controlled by Allianz of Germany, yesterday announced a rise in net profits to L187bn ($114m) in 1993, from L95bn in 1992. Page 20

Repsol lifts payout after profit rise
Spain's dominant domestic energy group, Repsol, has lifted first-quarter profits by 11.6 per cent after tax. The group, 41 per cent state-owned, raised its dividend by 10.6 per cent, fuelling interest in a possible international offering. Page 20

Bank of Ireland surges 125%
The Bank of Ireland has reported a 125 per cent surge in pre-tax profits to I£280.1m ($419m). The Republic's second largest clearing bank was helped by a big drop in loan loss provisions and a turnaround in US and UK divisions. Page 25

Japanese construction group falls
Pre-tax profits at Daiwa House, one of Japan's biggest housing construction companies, fell 13.7 per cent to Y75bn ($721m) for the year to March 31, despite recent strong growth in housing starts. Page 21

ECC gives details of Camas demerger
English China Clays yesterday gave details of the stock market launch of Camas, its building materials business which is heading for demerger. Camas is Britain's fifth largest aggregates company with sales last year of £365.2m ($533m). Page 26

Royal Insurance posts £32m profit
Royal Insurance of the UK has announced a first-quarter profit of £32m ($46.7m) before tax, up from £2m. Its rivals General Accident and Commercial Union announced encouraging figures earlier in the week. Page 25

Jarvis Porter plans Dutch purchases
Jarvis Porter, the UK specialist label printer, is planning to buy three Dutch labelling companies from Nederlandse Grafische Groep. The deal would be worth Fl 48.6m ($25.4m). Page 27

Jewellery trade snaps up silver
For the first time in more than 25 years the demand for silver used for jewellery and silverware is greater than silver demand for photography, says Mr Dennis Wheeler, president of the Silver Institute, the Washington-based industry association. Page 28

Companies in this issue

Market Statistics

Chief price changes yesterday

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Allied Sig	35½	+	1¼	Brother Ind	690	+	13
Gap Stores	46¾	+	1⅜	Daimaru Inc	877	+	22
Margar Fin	24½	+	1⅜	Hanshin El	520	+	20
Philip Morris	50	+	2¼	Ihara Chem	999	+	29
Textron	54¼	+	1	Lng Trm Cred	1110	+	70
Falls				Nagasakiya	895	+	44
Land's End	44¾	–	1⅛				

Frankfurt & Paris markets are closed. New York prices at 12.30pm.

LONDON (Pence)							
Rises				Pearson	678	+	18
Betterware	129	+	6	Tullow Oil	31½	+	4
Brit Aerospace	510	+	11	Vickers	203	+	7
Control Tech	509	+	12	**Falls**			
Ertoss	32½	+	2½	Banner Homes	154	–	8
Euromoney Publ	1825	+	125	Christies Intl	192	–	11
French Connectn	169	+	14	Enterprise Comp	15	–	1½
Hawtal Whiting	80	+	5	Enterprise Oil	429	–	11
Hewetson	65	+	7	Eurotherm	439	–	11
Jacobs (JI)	81	+	5	Grand Met	457	–	26
Johnston Group	222	+	11	Rank Org	403	–	15
Marley	169	+	5	Tomkinsons	280	–	35
Norweb	627	+	16				
Osprey Comm	51	+	4				

Fiat passes dividend on record loss

Downturn in car market pushes Italian industrial group into L1,783bn deficit, writes Andrew Hill

Fiat, the Italian industrial group, yesterday announced the biggest loss in its 95-year history, and decided not to pay a dividend on ordinary shares for the first time since 1947.

The worldwide economic downturn, in particular in Fiat's core automotive market, drove the group into a net loss of L1,783bn ($1bn) in 1993, compared with a profit of L551bn in 1992.

However, the group pointed to signs of recovery in the first quarter of 1994, when it recorded a profit of L30bn, compared with a loss of L222bn in the equivalent period.

Sales also rose 11 per cent to L14,750bn in the first three months of this year, and the company has drawn hope from faint signs of an upturn in the car market.

"The task which faces the group in all its elements will continue to be extremely severe [in 1994]," Fiat said, although it placed hope in its technological strength and continued efforts to cut costs.

The Milan stock market had largely discounted the possibility of heavy losses before yesterday's announcement, which was made after the close of trading.

Since the beginning of the year, Fiat's shares have been among the best performers on the Milan market as investors have speculated on a recovery and the early success of the group's new Punto small cars. Fiat's shares closed at L7,068 yesterday, down 1.1 per cent.

Operating losses reached L839bn, compared with a profit of L237bn in 1992. The central operating division, Fiat Auto, alone lost L1,756bn, having only just broken even the previous year. Losses also deepened at Iveco, the truck and industrial vehicle subsidiary, to L501bn, from a 1992 loss of L122bn.

The company said it would ask shareholders at the annual meeting in June to approve a potential increase in the group's maximum nominal share capital from L5,000bn to L10,000bn.

The group stressed that this did not mean it was planning to raise more cash immediately, but explained that last year's complex rights issue, which raised L5,000bn, took the company up to the limit of its issued share capital.

The net loss of L1,783bn, recorded after taxes of L340bn and heavy interest charges, was slightly better than many analysts had predicted, but it was flattered by an extraordinary gain of L300bn on the sale of the company's 58 per cent stake in La Rinascente, the Italian retailer, last autumn.

Group turnover in 1993 was stable at L54,556bn (L54,640bn). Fiat's net debt increased from L3,849bn at the end of 1992 to L5,247bn on December 31, 1993.

Since then, debt has remained stable in spite of L900bn of investment in the first quarter, and the consolidation of the group's Polish activities, with debts of L800bn.

Charge pushes Hungarian bank into deficit

By Nicholas Denton in Budapest

Kereskedelmi Bank, Hungary's second largest commercial bank, plunged to a Ft46bn ($450m) loss in 1993 after taking a heavy charge for bad loans.

The state-owned bank reported an operating profit of Ft9.3bn for the year to December, but a Ft55.3bn provision for non-performing loans dragged the bank into a record deficit, equivalent to 1.4 per cent of national GDP.

The loss left Kereskedelmi with a capital deficit, and a Ft33.4bn injection from the state last December brought the bank to a capital adequacy of 0.02 per cent of risk-weighted assets of about Ft125bn.

Even a top-up of Ft5bn, to be agreed at an annual general meeting next Monday, would lift the capital adequacy ratio to only 4 per cent, well below the 8 per cent recommended by the Basle-based Bank for International Settlements.

The bail-out, part of a $3bn government programme to shore up 10 important banks, came after the World Bank, in an internal memo, warned that Kereskedelmi Bank, Magyar Hitel Bank, the largest commercial bank, and several others had negative capital and were "technically insolvent". Kereskedelmi has suffered from a number of failures among its corporate borrowers after Hungary introduced western-style bankruptcy legislation in 1992.

Hungary's banks began last year to calculate loans by international standards, revealing the poor quality of their assets and necessitating a huge, one-off increase in reserves.

Kereskedelmi has been particularly exposed to an agricultural sector hit by confusion over property rights and drought. Under Mr Geza Lenk, the managing director, Kereskedelmi has also proved slower than its counterparts like Budapest Bank in making provisions against default by clients.

Last year Hambros, the UK merchant bank, was named as adviser on the privatisation of the bank. But, after last year's losses, management has delayed a move into the private sector for another two years and advisers say Hambros's mandate is a "sleeping contract".

Of the Hungarian state-owned banks, only Magyar Kulkereskedelmi Bank (MKB) and Budapest Bank are moving quickly towards privatisation.

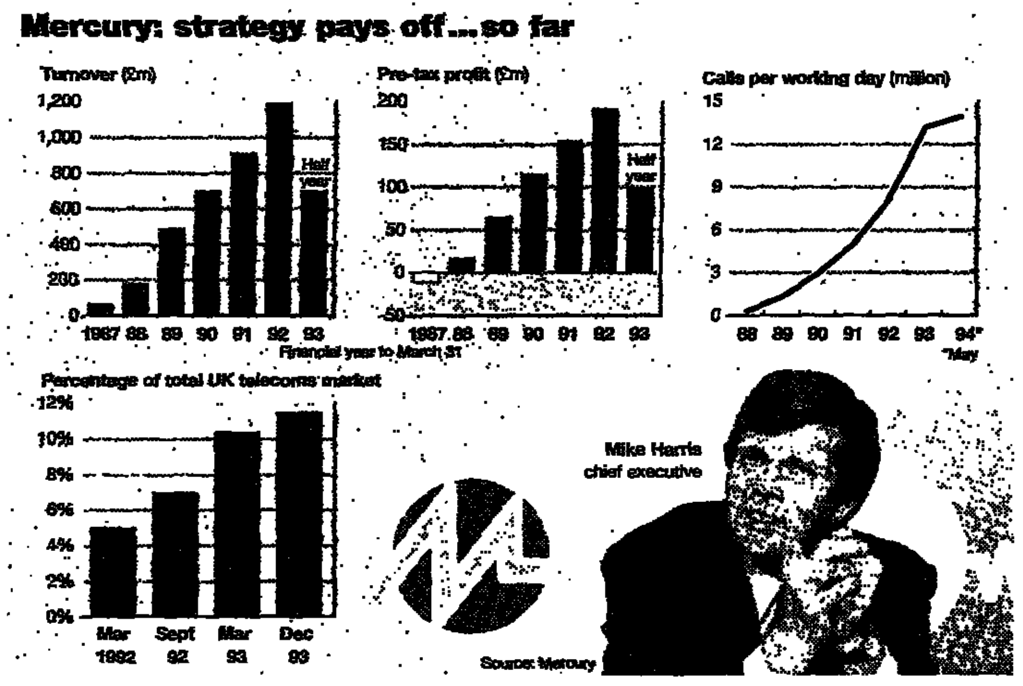
Bayerische Landesbank of Bavaria is taking a 25 per cent stake in MKB, a foreign trade bank, which was advised by US investment bank JP Morgan.

The London-based European Bank for Reconstruction and Development is also acquiring a 17 per cent shareholding.

Budapest Bank is pushing for private investors, advised by Salomon Brothers, the US investment bank.

Falling costs threaten the UK company's discount strategy, finds Andrew Adonis

Mercury: strategy pays off...so far



Mike Harris
chief executive

Source: Mercury

Price competition clouds the outlook for Mercury

Mercury, the god of commerce, is sometimes depicted holding a purse full of cash. The UK telecommunications company bearing his name could do with both the purse and his more customary winged sandals to aid it in the increasingly competitive UK telecoms market.

A study of industry price trends published yesterday by Analysys, the Cambridge-based telecoms consultancy, highlights Mercury's predicament. It shows telecoms prices falling fast across Europe in the past five years; in Britain, Mercury's price differential with BT has progressively reduced.

This raises questions about Mercury's future strategy, for until now it has essentially been "BT-minus-about-10-per-cent". Recognising telecoms as a commodity business, Mercury has sought to maintain a guaranteed discount to BT, making little pretense of offering a more advanced service. pressure on Mercury's price discount to BT can only increase. On the one hand BT is being forced to cut prices rapidly: its pricing agreement with Oftel, the industry regulator, obliges it to cut tariffs by 7.5 per cent a year after allowing for inflation.

On the other hand, new entrants to the UK's long-distance telecoms market are targeting Mercury as strongly as BT. Re-sellers such as Worldcom, a US group, and Energis, the National Grid subsidiary which is erecting a fibre-optic network on the nation's electricity pylons, are aiming to enter the City of London, where Mercury is now the dominant long-distance carrier.

The first six months of the current financial year saw Mercury's turnover rise by 24 per cent; but operating profit grew by only 5 per cent, notably less than the other companies in the Cable & Wireless group of which it is part. Special factors – including the opening of a state-of-the-art customer service centre in Manchester – partly account for the squeeze, but leading analysts remain downbeat about Mercury's medium-term prospects.

"There is considerable uncertainty about the outlook for Mercury's profits in the next two years," says Mr Laurence Heyworth, telecoms analyst with Robert Fleming, the investment bank. He notes in particular Mercury's surprising decision last December to take Oftel, the industry regulator, to court over the inter-connection charges it has to pay BT. "They would not take the regulator to court unless they felt seriously in need of regulatory relief."

Mercury's justification for the court case supports that view. It claims it needs a more flexible inter-connection regime, based on total capacity not the per-minute cost of connecting calls, to break free of BT's tariff structure. Implicit is the recognition that its ability to continue mimicking BT tariffs, while guaranteeing a discount, is finite.

> The nightmare for Mercury would be if BT mimicked Telecom New Zealand, which took on its main competitor – Clear Communications

The nightmare for Mercury would be if BT mimicked Telecom New Zealand, which last year took on its main competitor – Clear Communications – by ruthlessly attacking its cost base and matching Clear's tariffs.

Telecom New Zealand reacted to Clear's 18 per cent market share gained in barely two years. With almost 90 per cent of the UK market, BT is unlikely to take such action in the near future. Even so, existing pressures mean that to sustain growth Mercury needs to increase rapidly its market share while differentiating its product from that offered by BT.

Mr Mike Harris, Mercury's chief executive, emphasises a second dimension. "There is a new game opening up, with telecoms companies selling not just a commodity but communications applications." He divides the applications into two types: the management of quasi-private networks – outsourcing, in the jargon; and new services, such as personal telephone numbers which direct calls to their "owner", made available by "intelligent networks" software. Last month Mercury announced a £200m investment in "Project Eagle" to upgrade its backbone UK network for the purpose.

Both strategies command respect. Armed with the resources of Cable & Wireless and Bell Canada (which owns 20 per cent of Mercury), Mr Harris is far from David on his own with Goliath. Mercury has been successful in branding itself. And it has also done a fair job of weaning customers from BT: in the past two years alone it has gained more than 600,000 residential customers, aided by the – mostly US – cable companies attacking BT's local monopoly and routing their long-distance traffic via Mercury.

But Mercury's strategy remains problematic. The outsourcing market is largely speculative: recent surveys show companies reluctant to outsource central telecoms functions.

As for next-generation "intelligent networks" services, the capacity of any one company to gain a medium-term leading edge in the market is doubtful.

GrandMet shares fall as US sales take toll

By Tony Jackson in London

Shares in Grand Metropolitan, the international drinks and food giant, fell 26p to 457p yesterday as the group disclosed that destocking in the US drinks market was likely to cost it £40m ($58.4m) this year. The group also dashed hopes of immediate disentanglement from its struggling Inntrepreneur Estates (IEL) joint venture with Courage, saying only that it was "studying a range of options". IEL, Britain's biggest pub operator, broke even in the half-year compared with a loss of £12m last year.

Group pre-tax profits were up 10 per cent at £446m, in line with expectations. Mr George Bull, chief executive, said the revival of the US economy had prompted GrandMet's IDV drinks subsidiary to stock up last autumn. However, the market fell 3 per cent and IDV's sales by 2 per cent. At the same time, IDV had tackled overstocking problems caused by concentration among US drinks wholesalers. Half the cost had been incurred in the first half, with the balance to come in the second.

IDV's worldwide operating profit fell 2 per cent to £254m, with an 18 per cent rise in North America offset by a 13 per cent fall in the rest of the world. The North American increase was almost wholly due to a one-off payment of around £17m on the termination of US distribution rights for Absolut vodka.

Operating profit in food manufacture rose 6 per cent to £147m, with a 19 per cent increase in North America while Europe fell into a £3m loss, from £1m profit.

Profits at the Burger King hamburger chain were up 16 per cent, with 244 new restaurants opened and 5 per cent volume growth in existing outlets.

The tax charge fell from 32.4 per cent to 29.2 per cent. Lower tax helped earnings per share to rise 15 per cent to 15p before exceptionals. The dividend was raised 6.2 per cent to 5.15p.

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US drugs group in German purchase

By Daniel Green in London

Bristol-Myers Squibb, the second largest US pharmaceuticals company, yesterday joined the drugs industry dash for corporate deal-making by buying a 25 per cent stake in Azupharma, a German drugs manufacturer.

Azupharma specialises in the manufacture of generics, unbranded drugs that have lost their patent protection. It is a subsidiary of German drugs wholesaler Gehe which had sales in 1993 of DM10.2bn ($5.9bn).

The value of the deal was not disclosed.

"This investment is an important strategic move in the European healthcare environment," said Mr Joachim von Roy, Bristol-Myers Squibb's European president. "It represents the beginning of an alliance between Bristol-Myers Squibb and Gehe. We are now well-positioned to develop a strong generic presence across Europe."

The generics market in Europe is "expected to grow substantially over the next five years," said Bristol-Myers Squibb, as a result of changing policing in healthcare spending and the expiry of patents on several big-selling prescription drugs.

The deal is Bristol-Myers Squibb's first stake in a European generics maker. The companies began a business relationship in March when Bristol-Myers licensed a generic version of its biggest selling drug, the heart treatment Capoten, to Azupharma for the German market.

The purchase of the stake reverses a recent trend for German companies to buy into US generics manufacturers. In February, Bayer, the German chemicals group, paid $310m for a 28.3 per cent stake in Schein Pharmaceutical, a privately owned generics company based in Florham Park, New Jersey.

That deal followed the $546m acquisition last November by German chemicals giant Hoechst of a 51 per cent stake in Copley, a US generics and over-the-counter drugs manufacturer.

Acquiring generics companies serves two purposes for a drugs manufacturer: it is an entry into a rapidly growing part of the healthcare sector and it may help protect market share when patents expire.

Bristol Myers Squibb is facing the expiry of Capoten patents around the world. Similar drugs are made by Merck, the biggest US drugs company, and the UK's Zeneca, formerly part of ICI.

Ras to generate funds for expansion as profits rise

By Andrew Hill in Milan

Riunione Adriatica Sicurtà, the Italian insurance company, is to seek permission from its shareholders to raise funds for further expansion, particularly outside Italy.

Ras, which is controlled by Allianz of Germany, yesterday announced a recovery in net profits for 1993, in spite of an increased tax burden. The company's net profit rose to L187bn ($110.5m) in 1993, compared with L95bn in 1992, when Ras had to write down the value of its government bond holdings.

Net group profits increased to L355bn from L117bn, and group premiums rose to L8,465bn against L7,337bn.

The company is proposing an increase in the dividend this year to L340 from L300 per ordinary share, and to L400 from L360 for each savings share.

Shareholders, meeting on June 29, will be asked to give the board a five-year mandate to increase the company's nominal share capital by up to L1,000bn.

Mr Umberto Zanni, chairman, said the group was "interested in overseas [expansion], particularly in those countries where Ras has a strong presence".

The company was well-placed to build on its holdings in Portugal, Spain, Switzerland and Austria, Mr Zanni explained.

Ras said it would try to even out the disparity between the market performance of its savings and ordinary shares, by offering savings shareholders the right to convert one out of every 10 savings shares they hold into an ordinary share. If the plan is approved and acted on by all savings shareholders, Allianz's holding will be diluted to just over 50 per cent from 52.74 per cent of the ordinary shares.

Mr Zanni said he would step down as chairman at the June shareholder meeting, although Allianz has asked him to remain as a director. He will be replaced by Mr Angelo Marchiò, one of three managing directors of the group.

The company pointed out that in 1992 it was forced to write down investments by L221bn, cut to L38bn in 1993. But the tax burden increased last year to L236bn from L49bn at parent company level.

Mr Zanni said 1994 was likely to be a challenging year particularly because of impending liberalisation of tariffs in compulsory motor insurance.

Of the overall group premiums, L4,219bn came from the parent company, L1,291bn from other Italian group companies and L2,955bn from group companies operating outside Italy.

Gross premium income increased by 13.8 per cent at group level to L7,728bn compared with L6,793bn, of which L5,742bn against L5,097bn was in non-life business, and the rest in life insurance.

Olivetti poised for growth, says chairman

By Andrew Hill in Milan

Olivetti, the Italian computer group, is entering a new growth cycle, Mr Carlo De Benedetti told shareholders yesterday.

Mr De Benedetti, Olivetti's chairman, told the group's annual meeting that revenues increased by 6 per cent in the first four months of 1994, and orders by 11 per cent, compared with the equivalent period last year.

Shareholders approved the issue of up to 250m shares as part of a convertible bond issue which will raise a maximum of L575bn ($3.4bn) for expansion. The issue, aimed at international institutional investors, is likely to be launched before the summer, through an international consortium led by Morgan Stanley, the US investment bank.

One of the main targets for funding will be the development of the GSM cellular telephone network in Italy. Olivetti heads the international Omnitel-Pronto Italia consortium which in March won the licence to operate the network.

"[Olivetti] is preparing to reap the benefits of a sweeping structural reorganisation," the group said yesterday. Last year, Olivetti lost L465bn, compared with a loss of L650bn the previous year, but increased sales for the first time since 1990 and cut net debt to L798bn from L960bn.

Developing the GSM network is expected to cost the Omnitel-Pronto Italia consortium L3,000bn, of which Olivetti will provide roughly a third. This is in line with its stake in the joint venture, which includes Bell Atlantic and Pacific Telesis of the US, Mannesmann of Germany and Lehman Brothers.

Within the last month, Olivetti has also set up a $280m stand-by credit facility with a group of international and Italian banks. Mr De Benedetti said the combination of the capital-raising exercise and the organisation of the stand-by credit confirmed "the great confidence of the international financial community in Olivetti".

NatWest in HK broking venture

By John Gapper in London and Simon Holberton in Hong Kong

National Westminster Bank is to re-establish an equity broking operation in Hong Kong three years after closing its broking arm there. It is establishing a US$100m joint venture with Wheelock, the local merchant house.

The joint venture, which will initially employ about 100 staff and may expand within a few years, is the latest attempt by European and US investment banks to expand their presence in Hong Kong and China.

Although NatWest Markets, National Westminster's corporate and investment banking arm, has lending, structured finance and fund management operations in Hong Kong, the joint venture re-establishes a stockbroking presence.

The partners are to announce the new venture in London today. They are each investing about $50m and expect the operation, to be called Wheelock NatWest, not to require further capital unless it expands significantly.

Wheelock, which has long-established links in China as a Hong Kong trading house, had planned to expand into financial services. It has a small broking operation with a seat on the Hong Kong exchange.

Mr Martin Owen, NatWest Markets chief executive, said the bank believed a joint venture would help overcome local scepticism over the closure of its loss-making broking arm.

Mr John Howland-Jackson, deputy chief executive of NatWest Markets, said it considered buying a local brokerage, but "we believed that we would either end up paying through the nose or buying something of questionable quality".

Mr Nicholas Sibley, managing director of Wheelock CIC, who will be deputy chairman of the venture, said it was the only venture "which marries a heavyweight bank with a local house which has as good connections in China as anybody".

Wheelock has applied for a seat on the Shanghai stock exchange, which could be transferred to the joint venture. NatWest will retain a separate presence concentrating on banking activities.

Repsol lifted to Pta46.5bn in first quarter

By Tom Burns in Madrid

Economic recovery in Spain helped Repsol, the leading domestic energy group, to lift its first-quarter after-tax profits by Pta26.2bn ($187m) to Pta46.471bn.

This was an 11.6 per cent increase compared with the first three months of 1993.

Repsol, which is 41 per cent state-owned, said that increases of 1 per cent and of 3 per cent in petrol and in diesel consumption respectively, together with a depreciation of the peseta and improved margins in its chemical unit, had helped to offset the impact of lower crude prices and reduced fuel demand during a mild winter.

The group, which lifted its 1993 net profit by 11.4 per cent to Pta80.1bn, said that it would propose a dividend of Pta115 per share, a 10.6 per cent increase on 1993, to shareholders at the annual meeting in June.

The first-quarter results – which were slightly ahead of forecasts – and the increased payout will fuel market interest in a possible international offering of Repsol shares later this year.

The government, which is seeking to reduce its public deficit, is considering offering up to 20 per cent of its Repsol equity to the markets.

Last year, the government raised Pta110bn when it relinquished its majority ownership of the group with a 13 per cent placing of its Repsol equity that was aimed at institutions.

Repsol is also expected soon to announce the acquisition of Enagas, the fully state-owned monopoly supplier of industrial gas, by Gas Natural, the big domestic gas distributor in which Repsol has a 45 per cent stake.

Repsol, which had hoped to finalise the deal last month, is still smoothing out the final details of the takeover.

The acquisition of Enagas will make Repsol the chief shareholder of one of the biggest natural gas companies in Europe.

3i to sell quarter of shares in summer issue to retail sector

By John Gapper, Banking Editor

3i Group, the big UK venture capital group owned by high street banks, expects a quarter of the shares it is selling in the planned early summer flotation to be available to retail investors, 3i senior directors said yesterday.

Sir George Russell, the chairman of 3i, said that the company had canvassed about 100 retail brokers, and believed there would be interest among more sophisticated investors in buying up to 25 per cent of the shares in 3i's long-delayed flotation.

The company expects to publish its pathfinder prospectus giving details of the share offer later this month, along with its preliminary annual results. The prospectus will disclose a net asset value figure on which the offer price of the shares will be based.

Mr Simon Borrows, a director of Baring Brothers, the merchant bank sponsoring the flotation, said that shares would "probably" be priced at a discount to 3i's net asset value, in common with other venture capital investment trusts.

Mr Borrows said the company and its advisers had not "got to the stage of pricing" the issue, but he emphasised that 3i's past performance had been better than comparable quoted venture capital investment trusts.

He said that brokers would target shares at individuals who would invest "a reasonable amount for a reasonable amount of time".

The company expects bank shareholders to undertake to hold their remaining stakes in 3i after the flotation for at least a year.

The company has already made presentations to about 70 UK institutional funds and executives are to make presentations throughout Europe, including France and Italy, and in east Asia over the next two weeks.

Mr Borrows said that the company and its advisers would go through "an informal book-building exercise" among funds after the publication of the pathfinder prospectus to gauge demand for shares at different prices.

The banks are likely to sell about a third of 3i's equity, which could be worth about £500m ($744m), in the flotation.

Mr Brian Larcombe, finance director, emphasised that as an investment trust, 3i would not have to pay advance corporation tax on capital gains from realised profits.

In the mid-1980s, this amounted to between £40m and £50m a year.

Sir George said that he had told bank shareholders before taking on the chairmanship that he would resign if a flotation was first agreed and then postponed, as was the case in 1991. "The float will happen this time," he said.

GEC near agreement to buy Ferranti units

By Bernard Gray in London

GEC, the UK defence and electronics group, is expected to announce in the next few days that it has reached final agreement to buy Ferranti's main UK defence businesses from the receivers, Arthur Andersen.

The price, which has not been disclosed, was apparently agreed in advance and is thought to be about £50m ($75.2m).

The package of businesses to be sold includes the military systems integration business, based in Bracknell, Berkshire, which employs 570, and the simulation and training operations with headquarters at Cwmbran, Wales, with 540 employees.

There have been redundancies in both operations since Ferranti went into receivership last December after GEC withdrew its 1p a share offer for the whole company. However, most of the 630 redundancies were at Ferranti's Manchester and Oldham sites.

Negotiations had been expected to be completed in April, but had to be extended to allow time for due-diligence work.

A management buy-out team had been ready to bid for the business had GEC withdrawn. Several other potential bidders were thought to be interested, including British Aerospace and Thomson-CSF of France.

GEC is in separate negotiations to buy Ferranti's 50 per cent share in its sonar joint venture with Thomson. That business is not in receivership and Thomson was interested in acquiring the rest of it.

Novo Nordisk expects gains despite setback

By Hilary Barnes in Copenhagen

Novo Nordisk, the Danish healthcare and industrial enzymes group, reported a fall in first-quarter net profits to DKr270m ($40.3m) from DKr304m in the same period last year.

The group said the result was in line with expectations.

For the full year, the group maintained its forecast that profits would increase relatively faster than the 11 per cent advance in 1993.

First-quarter sales were up by 14 per cent to DKr3.13bn from DKr2.75bn. The increase was due partly to higher volume, with about 5 per cent due to currency changes.

Sales by the healthcare group rose by 13 per cent to DKr2.06bn, including an increase of 8 per cent in sales by the diabetics care division to DKr1.49bn.

Sales by the bio-industrial group, chiefly of industrial enzymes, increased by 11 per cent to DKr901m.

The merger of two of the bio-industrial group's unit in the US would carry a DKr80m non-recurring charge which would be booked in the second quarter, the group said.

● LKAB, the mining group, has completed the sale of a 13 per cent stake in SSAB, Scandinavia's biggest steel group, for SKr1.3bn ($165m).

A total of 2.5m B shares and 1.625m A shares were placed with domestic and international institutions.

The placing was led by BZW in conjunction with Handelsbanken Investment Banking and Cazenove.

INTERNATIONAL COMPANIES AND FINANCE

China to broaden B-share market

By Tony Walker in Beijing

China plans to increase listings of B shares denominated in dollars for foreign investors in an effort to enliven its depressed stock markets, China's top stock regulator said yesterday.

Mr Liu Hongru, chairman of the China Securities Regulatory Commission (CSRC), told an international business seminar in Beijing that the B-share market was too limited and steps were being taken to expand issues.

China was also considering allowing enterprises that had floated B shares to issue American depositary receipts (ADRs) and convertible notes.

This move would be aimed at "activating transactions" and "raising more capital".

At the end of 1993, some 42 enterprises had issued B shares on China's two fledgling stock markets. This had raised some $1.2bn for the companies involved.

China's A- (domestic) and B-share markets have suffered steep declines since their highs of early last year. Many local investors have deserted the A-share market for bonds or futures. Foreign traders, after an initial burst of enthusiasm, had until early this year found China-related stocks on the Hong Kong market more appealing.

China stock regulators and market managers have been striving to boost the markets, but have encountered little success largely because of a widespread loss of confidence among investors who were unprepared for a prolonged downturn.

Mr Liu indicated that China would press ahead with an increasingly ambitious programme of overseas listings. "Chinese enterprises have a tremendous demand for capital…it is an important task to fully make use of the Hong Kong and other markets to speed up economic development," he said.

The Chinese official said overseas listings were at a "testing stage". Seven Chinese companies among nine selected for listing had been floated on the Hong Kong market.

Another 22 enterprises had been selected for listing abroad either in Hong Kong or in New York.

Mr Liu did not provide a timetable for these listings, but some are expected to go ahead this year.

Mr Liu said China favoured listing foreign companies on its own securities markets, but a number of steps were required before this would be possible. These included further refinement of China's laws and regulations, and full convertibility of the Chinese yuan.

Lack of convertibility was a similar impediment to the unification of the A and B-share markets.

"If foreign companies and investors cannot freely remit their renminbi abroad, it is meaningless for them to issue stocks in China," Mr Liu said.

Daiwa House pre-tax profits fall 13.7%

By Paul Abrahams in Tokyo

Daiwa House, one of Japan's biggest housing construction companies, yesterday posted pre-tax profits down 13.7 per cent to Y75bn ($721.2m) from Y87.1bn for the year to March.

The results, the first set to be published by a Japanese construction company for the last financial year, significantly undershot analysts' forecasts. The profits fall was in spite of recent strong growth in housing starts.

The group declined to explain the profits shortfall, which was about 5 per cent below expectations. However, Mr Takashi Hashimoto, construction analyst at CS First Boston in Japan, said Daiwa House, normally viewed as a house building company, was also exposed to the general construction market which has been badly affected by Japan's longest and deepest post-war recession. About 40 per cent of the group's turnover was in this sector, he explained.

"The downturn in general construction offset any benefits from the upturn in housing starts," he said. "However, groups such as Sekisui House, National House and Sumitomo Forestry are less exposed to general construction than Daiwa House."

The group's turnover rose 1 per cent to Y935bn from Y926bn. Post-tax profits fell 9.6 per cent to Y40.5bn from Y44.8bn, or from the per-share equivalent to Y84.63 from Y93.69.

The group said it would maintain its dividend of Y17 per share for the current financial year.

Daiwa House predicted modest increases in profits and sales growth for the current year. Pre-tax profits should reach Y85bn, and post-tax profits Y45bn, equivalent to Y94.02 a share. Turnover should be Y1,000bn, it forecast.

Mr Hashimoto warned the predictions were highly optimistic.

Daiwa's shares fell Y10 to Y1530 in a rising market yesterday. Sekisui House's shares fell Y30 to Y1290.

Pakistan restarts state disposals

Success could spark sales of the top utilities, says **Farhan Bokhari**

The Pakistan government's current offer to sell up to 15 state-owned factories, part of a plan to sell up to 31 factories in the coming months, is the first serious effort to put life back into the country's privatisation programme, which came to a virtual halt early last year.

The government delayed the programme amid fears that investors would be put off by the deadlock in government which ended only with fresh national elections last October.

The businesses being offered now include four cement factories and another eight factories which manufacture *ghee*, a blend of oils for cooking. If they are sold, only 20 of the 118 factories selected for privatisation more than three years ago would be left waiting to go on the block. The 67 sold so far have realised almost Rs9bn ($308m).

Although some of Pakistan's foreign donors have urged Islamabad to opt for a broad-based ownership through public flotations on the stock market, the current batch of 31 factories are all designed to be sold in open auction to either local or foreign investors.

Senior privatisation officials say that more than half of these factories have been running at a loss, making it difficult for any public offer to attract large numbers of investors. But if the government succeeds in selling them, many officials responsible for running the privatisation programme hope that the sale of some of the country's largest and most lucrative utilities will get under way.

These utilities include Pakistan Telecommunication Corporation (PTC) which could be worth up to $9bn, and the thermal power generation units of the largest power company, Water and Power Generation Authority, which could be worth up to $5bn.

The government also wants to privatise Karachi Electricity Supply Corporation, Pakistan's second largest power generation company, serving the city of Karachi. Another two large gas companies, Sui Northern Gas Pipelines and Southern are also being prepared for sale.

However, many critics say that the privatisation programme, which is now in its fourth year, has lost momentum through bureaucratic resistance to change.

There have also been objections from some of Pakistan's four provincial governments, which say they should receive a share of the money raised by privatisations.

Yet more objections have come from the armed forces, who have objected to the sale of the PTC on the grounds that transfer of the telephone company's ownership into private hands would jeopardise the country's security interests.

Those objections were resolved recently when the government agreed to spend part of the money raised from the phone company to set up a new phone network for the exclusive use of the armed services.

The government also wants to remove fears of nationalists who are worried over the implications of transfer of ownership to foreign investors. "We have come to a point in the world where it has become one big global market and the old nationalistic concerns cannot become a hindrance any more in development of economies", says Mr Naveed Qamar, chairman of the National Privatisation Committee.

Other officials say that safeguards under consideration include the appointment of new consumer protection authorities, which would monitor issues such as tariffs to prevent any immediate price rises. Other proposals include those of requiring new owners to appoint only Pakistani nationals as chief executive officers in the case of selective utilities such as the PTC, even if the ownership is transferred into foreign hands.

Despite such preparations, some businessmen are worried over the pace of the programme. Some officials agree privately that the largest utilities could take between three to five years for detailed assessment of their real worth, and finalising terms of the sale, before they are offered.

"If the programme is slow…it would be quite easy for investors to look elsewhere. After all, there are other countries which are giving good incentives too," warns leading Karachi businessman. chi.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible] Pool purchase price £/MWh	Final Prices for Trading on [illegible] Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.75	11.16	11.16
0100	10.70	10.95	10.95
0130	10.70	16.70	16.70
0200	10.70	12.86	14.84
0230	10.70	12.86	14.84
0300	10.70	12.86	14.84
0330	10.70	12.86	14.84
0400	10.70	12.86	14.84
0430	10.70	12.86	14.84
0500	10.70	16.90	16.90
0530	10.70	21.55	23.52
0600	10.75	21.55	23.52
0630	10.80	21.55	23.62
0700	11.06	24.13	26.12
0730	19.80	31.02	33.29
0800	23.12	45.44	48.76
0830	23.40	50.45	54.49
0900	23.87	54.67	58.36
0930	23.87	53.98	58.51
1000	23.87	52.49	56.79
1030	23.87	50.18	54.13
1100	23.87	47.80	51.12
1130	24.68	38.43	41.71
1200	29.50	37.16	40.21
1230	29.50	35.01	37.86
1300	24.68	34.18	36.69
1330	24.68	31.60	33.90
1400	24.68	29.65	31.70
1430	24.68	27.84	29.65
1500	24.68	27.59	29.59
1530	24.68	27.56	29.55
1600	21.90	27.54	29.53
1630	24.68	27.85	29.83
1700	24.68	37.52	39.51
1730	24.68	37.62	39.60
1800	24.68	37.50	39.49
1830	21.90	26.30	28.28
1900	20.24	25.57	27.55
1930	17.55	25.57	27.55
2000	15.64	25.58	27.55
2030	15.60	46.37	48.34
2100	15.64	46.37	48.35
2130	35.00	46.37	48.34
2200	35.00	45.94	47.92
2230	23.72	21.90	23.88
2300	13.00	21.90	23.87
2330	11.32	12.86	14.84
2400	11.10	16.90	16.90

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] ©Energy Settlements and Information Services Limited

INTERNATIONAL COMPANIES AND FINANCE

Chemical Bank in mortgage deal

By Patrick Harverson in New York

Chemical Banking is to acquire Margaretten Financial, a New Jersey-based mortgage banking company, for $25 a share, or a total of $330m in cash.

The acquisition of Margaretten is part of Chemical's strategy to build on its nationwide consumer financial services business, and become a bigger force in the business of originating home mortgages, and servicing existing mortgages.

For banks in the mortgage industry, a servicing business can help offset the negative impact on origination volume of rising interest rates, as well as produce a steady stream of fee income.

After the acquisition is completed, probably by midsummer, Chemical will be the fourth-largest originator of mortgages in the US, with volume of about $26.3bn, and the fourth-largest company servicing mortgage loans, with volume of about $54.5bn.

Mr Felix Beck, chairman of Margaretten, said of the deal: "We believe this transaction provides our shareholders with the enhanced value we have been seeking since our initial public offering in January 1992."

The New Jersey company, which has 78 retail offices and 11 wholesale offices in 25 states, was a subsidiary of the diversified financial services group Primerica before going public in 1992 through a share issue. That issue valued the company at just over $300m.

Last year, Margaretten reported revenues of $245m, but made only a small profit. This was because a rise in the number of customers refinancing their mortgages forced it to increase amortisation charges in order to write down the value of some portfolios.

News of the deal was well received on Wall Street. Shares in Margaretten, which have fallen as low as $12⅞ in the past year, rose $1⅞ to $24¼. Chemical rose $⅜ to $34⅜.

First-term loss deepens at Thomson Corporation

By Robert Gibbens in Montreal

First-quarter losses at Thomson Corporation, the Canadian publishing and travel group, deepened to US$63m, or 11 cents a share, against a loss of US$59m, or 10 cents, last time.

It blamed slack demand in the travel market during the winter. Newspapers, however, remained profitable, with better advertising in North America.

The final loss was struck on revenues of US$1.12bn against US$1.07bn. Seasonal weakness in many operations usually bring losses in the first quarter. Thomson says the latest period was not indicative of the full year.

The group, which is one of biggest tour operators in the UK and includes Britannia Airways, had an operating loss of US$34m against a loss of US$29m.

The newspaper division, which encompasses 116 dailies and 43 weeklies in North America and regional publications in the UK, posted an operating profit of US$32m against US$30m.

The Toronto Globe and Mail posted a 5.2 per cent gain in advertising lineage, and Thomson said national advertising was improving across North America.

Textbooks and services to UK newspapers had an operating loss of US$23m against a deficit of US$19m.

● Brascan, a key Edper-Bronfman holding company, reported a first-quarter net profit of C$15.2m (US$12.5m), or 14 cents a share, against C$137m, or C$1.38, a year earlier. The figures include a C$210m special gain on the sale of John Labatt shares. Excluding special gains, the 1993 quarter loss was C$73m.

Brascan said the gains came mostly from the resource units. Pulp and base metals prices rose significantly.

The group plans expansion to offset last year's disposal of its main holdings in MacMillan Bloedel and Labatt. It continues to control Noranda, Canada's biggest resource group.

AlliedSignal pays $375m for aero-engine maker

By Martin Dickson in New York

AlliedSignal, the US high-technology group, is to buy Lycoming Turbine Engine, a manufacturer of engines for regional aircraft, from Textron for $375m in cash.

The deal solidifies its position as a leading global manufacturer of small turbine engines.

The purchase is the largest of several acquisitions by AlliedSignal since Mr Lawrence Bossidy took over as chairman in 1991 and began a restructuring which has greatly improved the group's financial and share-price performance.

Mr Bossidy said the deal was a "major step forward in the growth of our aerospace business and furthers our strategy to increase the sales of our core businesses and strengthen them with top quality acquisitions".

AlliedSignal's aerospace division claims to be the largest producer of engines for business jets and small regional aircraft. It had sales last year of around $1.3bn.

Lycoming, with 1993 sales of around $620m, makes turbofan engines for larger regional aircraft – the fastest growing part of the airline industry – as well as for helicopters, tanks and hovercraft. Its engines are used on aircraft such as the British Aerospace BAe 146 regional aircraft and Textron's Bell AH-1S Cobra helicopter.

It has 2,900 employees and plants in Connecticut, Texas, and Luton, England.

Lawrence Bossidy: 'major step forward in aerospace business'

The acquisition will extend AlliedSignal's products into the 70- to 115-seat regional aircraft market, and the company says it will make it the leading global supplier in this sector, as well as engines for heavy helicopters, tanks and light vessels.

Mr Daniel Burnham, president of AlliedSignal's aerospace division, said the two businesses were complimentary, with no product overlap, and that significant cost reductions would be possible through rationalisation of duplicate operations.

The new business would also have a broader research and development base.

Lycoming suffered a "significant" decline in both revenue and income last year, according to Textron's annual report. It blamed lower US government and commercial business. However, Mr Burnham said the company would contribute immediately to AlliedSignal earnings and would not be dilutive.

Textron, which makes aircraft and automotive components, said the sale was in line with its strategy of aggressively managing its systems and components business.

Surge at Gap bucks US trend

By Richard Tomkins in New York

Gap, the US casual-wear retailer, shrugged off the poor apparel sales affecting other US stores to report a 53 per cent jump in net profits, from $41.5m to $63.5m, for the first quarter to April.

The San Francisco-based company attributed the improvement mainly to better margins, largely resulting from a switch to more feminine-looking clothes for women in its main Gap stores.

The number of stores opened rose from 1,319 to 1,398 at the end of the quarter. Of these, 848 were Gap, 179 Banana Republic, 324 GapKids and 47 Old Navy Clothing Co or Gap Warehouse. Outside North America, it had 44 stores in the UK and three in France.

Total sales rose 17 per cent to $752m, while sales at stores open a year earlier rose 7 per cent. Earnings per share rose from 29 cents to 44 cents.

Gap said one factor behind the improvement in margins was the reduction in promotional activity compared with last year's quarter. This meant more goods had been sold at the full price, it said.

More significantly, the company had a good response to its shift away from unisex, basic clothing such as T-shirts and jeans to more gender-specific merchandise, particularly for women. The stores now stock more skirts, dresses and embroidered tops.

Gap has also launched a retailing format called Old Navy Clothing Co for shoppers who find the group's other stores too expensive. It will gradually replace the Gap Warehouse chain.

America Online makes $28m multimedia buy

By Martin Dickson

America Online, a fast-growing US provider of telecommunications-based information services, has announced that it will buy Redgate Communications, a privately-owned multimedia services company, for around $28m in stock.

Mr Steve Case, president of America Online, said that modem-based on-line services and CD-Rom based multimedia were both growing rapidly, but so far they had been separate.

"The combination of America Online and Redgate enables us to create hybrid offerings that marry the best attributes of each," he added.

New currency options market

By Patrick Harverson

The Philadelphia Stock Exchange is forming a new market that will allow investors to customise currency options contracts to their particular needs.

The exchange hopes its new forum will bridge the gap between listed currency options markets and the much larger over-the-counter options market.

Mexico sells final stake in Telmex

By Damian Fraser in Mexico City

The Mexican government has sold its final stake in Teléfonos de Mexico, the national telephone utility, in a convertible offering worth up to $550m.

The offering brings to an end the privatisation of Telmex, the largest public company sold by a developing country. The privatisation began at the end of 1990 when the government sold a controlling 20.4 per cent stake for $1.76bn. It continued with a series of big equity offerings in international and domestic markets.

The most recent Bank of Mexico annual report indicated the government had obtained $6.18bn from previous offerings of Telmex equity. The convertible would bring the total sale to around $6.73bn.

The government sold peso bonds convertible into Telmex equity 90 days after the issue. They can be redeemed by the government between the third and fourth year. The peso interest rate is 11.25 per cent, and conversion price is 15 per cent over the current share price of Telmex.

In spite of the volatility in Mexico's financial markets, the offering was oversubscribed, according to one participant. In part, this was because an 11.25 per cent peso interest rate is considered relatively generous, as is the 15 per cent conversion premium.

Mr Guillermo Ortiz, the deputy finance minister, said the $550m obtained from the convertible offering would be placed in the government's special contingency fund. In the past, money from the contingency fund has been used to retire public debt.

The additional resources now available to the government may help calm investors nervous about the political and economic situation in the run-up to the August election.

The government said the success of the offering reflected continued foreign interest in Mexican assets.

Correction

CoreStates

CoreStates, the Philadelphia-based bank, serves companies with sales of between $15m and $250m. This range of figures was incorrectly stated in our survey on Greater Philadelphia (May 4).

INTERNATIONAL COMPANIES AND FINANCE

John Fairfax ahead 20% at nine months

By Nikki Tait in Sydney

John Fairfax, the Australian newspaper group in which both Mr Kerry Packer's Nine Network and Mr Conrad Black, the Canadian publisher, have minority stakes, yesterday announced a 19.8 per cent rise in operating profits to A$144.9m (US$104.7m) for the nine months to end-March.

After-tax profits increased even more sharply, to A$117.5m from A$47.4m. This was partly due to an A$40.1m abnormal tax benefit, but also to lower interest charges – down from A$40.3m to A$27.3m.

Revenues increased by 8.7 per cent to A$617.3m, while operating costs rose by only 5.5 per cent to A$455m.

The company said the improved results were "mainly attributable to increased advertising volumes, derived from improved trading conditions and modest advertising rate and cover price increases".

Classified advertising volumes for the Sydney Morning Herald rose by 8.8 per cent, and for the Melbourne Age by 10.4 per cent. Display advertising volumes were up by 12.4 per cent and 2.2 per cent, respectively.

The company, which has been at the centre of a high-profile Senate inquiry recently, added that trading results since end-March had "continued to reflect the improving economic conditions". Profit projections for the year to end-June were satisfactory.

● The Senate inquiry looking into foreign ownership of the print media and, more specifically, the circumstances surrounding the government's decision to let Mr Black raise his Fairfax stake from 15 to 25 per cent, is to make an interim report early next month and a final report by late September.

This essentially delays the final report, while a privileges committee examines the Senate's powers to demand documents and whether the federal court should play any role. The inquiry has sought certain Foreign Investment Review Board documents relating to the various bids for Fairfax, but members of FIRB have refused to hand these over.

Falling sales take toll on Japanese watchmaker

By William Dawkins in Tokyo

Citizen Watch, Japan's largest volume watchmaker, yesterday reported a sharp drop in full-year taxable profits, due to declining sales and a prolonged fall in capital investment.

Pre-tax profits fell by 36.8 per cent to Y10.6bn ($1.03bn) in the year to March, easily wiping out the previous year's small rise, on turnover down by 7.4 per cent to Y233.7bn.

Net profits fell by 36.5 per cent to Y6bn.

Citizen warned that the outlook for demand was sluggish, while price competition and the yen's value were "unpredictably difficult".

The group strengthened plans to cut costs and streamline production over the year and will continue to do so in 1994.

It expects sales this year to fall further, to Y215bn.

Watch sales, just under half total turnover, fell by 4.9 per cent to Y113.6bn, on a 9.7 per cent rise in unit production to 204.8m watches, implying a sharp contraction in margins.

Titanium watches and watches linked to J-League professional soccer did well in Japan, but the yen's sharp rise produced poor export results.

Information equipment and parts, just under 30 per cent of sales, saw a 6.8 per cent fall in turnover to Y69.5bn.

Notebook computers and printers performed well after cost reductions and product improvements, but sales of floppy disk drives declined.

Electronic equipment sales fell by 6 per cent to Y33.4bn, dragged down by poor performances in liquid crystal displays and portable televisions.

Aggressive marketing for industrial machinery failed to stimulate demand, with many industrial companies burdened with surplus production capacity. As a result, that sector's sales fell by 23.7 per cent to Y13bn.

Citizen will maintain its dividend at Y9 per share, which is just over twice covered by earnings of Y19.2 per share, down from earnings per share of Y30.65 in the previous year.

Bajaj Auto aims to maintain its dominance

The Indian scooter maker is capitalising on economic liberalisation, says Stefan Wagstyl

Few Indian industrialists have stayed as close to their business as Mr Rahul Bajaj, chairman of Bajaj Auto, the country's largest maker of scooters and motorcycles.

While other business leaders have often allowed themselves to be swept up by the social and political whirl of Delhi, Bombay, Calcutta or Madras, Mr Bajaj has lived next to his factory in Pune since 1965, an industrial city three hours' drive from Bombay. Like his workers, he sent his three children to the local school.

Born into a wealthy business family, brought up in Bombay and the holder of an MBA from Harvard University, Mr Bajaj would have been forgiven for deciding against life on the factory site. But he says he could not have built Bajaj Auto into a world-class company any other way.

It is not an idle boast. Bajaj is one of the few large Indian companies which competes successfully with the world's best. Among manufacturers of two-wheelers, it ranks fourth, behind Honda, Suzuki and Kawasaki of Japan and ahead of Piaggio of Italy, which belongs to Fiat.

Bajaj held its domination of the Indian market even though Piaggio and the Japanese makers entered the country as long ago as the early 1980s. Most recently its market share has been rising – to 49 per cent in the year to March 1994.

With a market capitalisation equivalent to $1.4bn, Bajaj Auto is a popular stock with foreign fund managers, who will have a further opportunity to buy the shares when the company launches a $200m Euro-equity issue later this year.

Bajaj is the biggest profit-earner in the Indian vehicle industry and posted a 180 per cent increase in net returns to Rs1.45bn ($46.2m) on sales which rose 27 per cent to Rs16.8bn.

Mr Bajaj says that the company is well-placed to take advantage of the economic liberalisation which started three years ago. He argues it is important for the government to create conditions under which some Indian companies can become multinationals.

Mr Bajaj last year joined a meeting of leading businessmen called the Bombay Club, which lobbied for industry-friendly economic policies but which was accused of being protectionist. Mr Bajaj rejects the allegation, saying government should support the entry of foreign investors but should also encourage domestic companies. "Some Indian companies must become world-beaters," he says.

Bajaj is free of the messy diversifications which encumber many leading industrial groups. Under the "licence raj", the system of industrial control which is now being dismantled, socialist-inclined governments placed ceilings on the investments any one company could make in an industry, in a futile effort to curb large-scale private enterprise.

Groups chased growth by expanding into several industries at a time – often with poor results. But Bajaj stayed with making motorcycles. "We stuck to our knitting," says Mr Bajaj, "and we always will."

Bajaj, which started manufacturing two-wheelers in 1961 under licence from Piaggio, made 900,000 last year and plans to produce around 1.8m vehicles by the year 2000. Its models, including scooters, motorcycles and three-wheeled auto-rickshaws, can be seen in almost every city and town in India.

They are cheap – costing Rs17,000 to Rs20,000 for the most popular models – inexpensive to run and easy to repair. Mr Bajaj says: "Indians are more interested in economy than in performance."

Cost control remains of paramount importance to Mr Bajaj. Price is the main weapon in battle with Japanese makers, both in India and, increasingly, abroad in developing countries. Exports, now less than 5 per cent of sales, are planned to rise to 15 per cent, with big gains expected in China, Vietnam and Mexico.

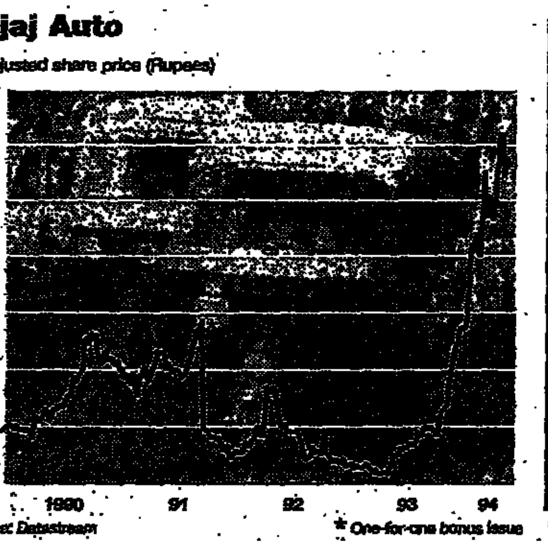
Mr Bajaj says the company he most admires is Honda. But he says Bajaj Auto is now too big a rival for Honda or any other Japanese maker to consider a partnership. Bajaj last year held talks with Piaggio over a joint venture in India and worldwide collaboration with a possible exchange of equity. But these failed, so Bajaj is on its own in two-wheelers.

The company's main aim in the next two years is to upgrade its models, including introducing new engines which will conform with tough new pollution laws which India is introducing in 1996.

The only diversification Mr Bajaj will consider is the production of other kinds of vehicles. In 1987, he tried and failed to buy control of Ashok Leyland, the lorry producer.

Recently he has revealed plans to manufacture cars. But he is not interested in the modest moves made by other Indian groups to manufacture 10,000 or 20,000 vehicles a year in partnership with foreign collaborators. These cars are aimed at the top end of the market. Mr Bajaj wants to produce cars for the ordinary man – 50,000 to 100,000 cars a year in high-volume, low-cost manufacturing. His model would compete with the Maruti 800, India's most popular car which sells for less than Rs200,000.

Mr Bajaj has yet to set a timetable for his project or identify a foreign partner.




Rahul Bajaj: chairman

Higher demand boosts Amcoal

By Mark Suzman in Johannesburg

Amcoal, the coal mining arm of South Africa's Anglo-American conglomerate, benefited from increased demand from Eskom, the country's main electricity supplier, which pushed attributable earnings before abnormal items up to R255.7m ($71.6m) from R240.6m for the year ending March.

The earnings from Eskom helped offset a decline in export revenues resulting from the weakness of the rand against the dollar. Overall sales increased by 3.9m tons to 45.5m tons, of which 31.3m tons went to the electricity company, a rise of 3.1m tons.

Turnover at R1.92bn was slightly off last year's R1.94bn, largely as a result of the lower cost of sales.

A dividend of 350 cents was declared.

Mr David Rankin, chairman, said that cost-containment for the year had been excellent and average colliery working costs were down 0.4 per cent on last year. He attributed the improvement to "the more effective deployment of labour and the benefits of more productive mining methods."

● Nampak, the South African paper and packaging group, increased after-tax profit before abnormal items 10 per cent to R169.2m for the half-year to March, compared with R154.1m for the same period a year ago.

Attributable income rose 15 per cent to R174.3m from R151.2m on the strength of a one-off sale of some machinery. Turnover rose by only 3 per cent to R2.38bn from R2.32bn, due to a decline in volumes and pressure on selling prices.

Bridge Oil rejects A$294m bid

By Nikki Tait

Bridge Oil, the Sydney-based oil and gas company, yesterday described as "totally inadequate" a A$294m (US$211.5m) cash bid from Parker & Parsley, the Texan oil independent.

It recommended shareholders not to sell their holdings while directors examined all options.

The board's rejection was widely expected, given that Mr Robert Strauss, the company chairman, had earlier this month told shareholders that a proper valuation of the company's US properties would imply a net asset backing for the company of more than A$1 a share.

Parker & Parsley, which launched its offer on Wednesday, is bidding only 70 cents a share.

On the stock market, Bridge shares – which were already standing ahead of the Parker & Parsley offer price by Wednesday night – rose by a further 1 cent to 73 cents.

There has been speculation that Parker & Parsley will be obliged to raise its bid, or that other interested suitors may enter the fight.

In launching the bid, Parker & Parsley said its stake amounted to 4.2 per cent of its target's equity.

Bridge's exploration and production operations are split between Australia and south-east Asia, and the US – with the Australian activities centred on the Cooper, Surat and Carnavon Basins, and the US interests spanning five states.

Expansion-minded US oil independents have shown growing interest in Australian oil and gas producers.

PPI fall boosts US Treasuries

By Patrick Harverson in New York and Sara Webb in London

US Treasury prices received a big boost yesterday morning from an unexpected decline in April producer prices.

By midday, the benchmark 30-year bond was up 23/32 at 85¼, yielding 7.506 per cent. Prices were also firmer at the short end of the market, where the two-year note was up 1/16 at 98 29/32, to carry a yield of 6.046 per cent.

The market had been expecting a small rise in the April producer price index, so when it was announced that the PPI had fallen by 0.1 per cent last month, buyers quickly moved into the market, which was primed for some sort of rally after Wednesday's big auction-related losses.

With dealer short-covering providing additional strength, prices at the long end of the maturity range rose by more than a point during the morning.

Prices were also buoyed by a surprising 0.8 per cent decline in April retail sales, although this good news was tempered by the fact that March retail sales were revised upward from a 0.4 per cent gain to a 1.7 per cent gain.

Although the data is unlikely to deter the Federal Reserve from tightening monetary policy one more time this month, analysts said the weak numbers might persuade the Fed to raise interest rates by only 25 basis points, rather than by 50 basis points.

GOVERNMENT BONDS

■ UK government bonds climbed during the course of the day, helped by better-than-expected UK trade data and the rally in US bonds. The trade data for February showed a reduced deficit.

"The monthly numbers are highly erratic, but the fall in imports, which had been strong for five months, is reassuring," said Mr Simon Briscoe, economist at S. G. Warburg Securities, suggesting that the pace of recovery in the UK could be easing.

Volume in the cash and futures markets was low. The Liffe gilt futures contract, which closed at 103.22 on Wednesday, touched a low of 103.02 early yesterday, climbed to a high of 104.12, and traded at 104.05 by late afternoon.

The gilt market expects the Bank of England to announce its next gilt auction today, although views are divided on which maturity the Bank will choose.

The market has been starved of long-dated issues since late 1993, and the yield spread for 25-year issues over 10-year gilts has narrowed from 20 basis points in mid-April to five basis points at present.

"The Bank is creating a severe distortion in the gilt market by not issuing long-dated stock," complained one international fund manager.

However, many dealers believe the Bank is unwilling to issue long-dated stock as this could be seen as condoning the "abnormally" high yields which have resulted from the global bond market shake-out.

■ Spanish government bonds edged higher, taking their cue mainly from the US in light trading.

Yesterday saw the release of Spanish unemployment and GDP data, providing some evidence of economic recovery, according to Mr Steven Dulake, bond analyst at PaineWebber.

The percentage of unemployed fell to 17.76 per cent in April from 17.92 per cent in March, while GDP rose at a year-on-year rate of about 0.5 per cent in the first quarter of 1994, the first such increase in five quarters.

Given the Bundesbank's half-point cut in German interest rates on Wednesday, market participants are waiting to see whether the Bank of Spain follows suit.

■ The French and German government bond markets were closed for a public holiday yesterday.

Daewoo launches $75m three-year FRN

By Antonia Sharpe

The Ascension Day holiday in many parts of Europe brought activity in the Eurobond market to a standstill yesterday, with the only issues coming from Asian borrowers.

Daewoo, one of South Korea's largest conglomerates, raised $75m through an issue of three-year floating-rate notes.

Lead manager Korea First Investment said the notes appealed mainly to investors in Asia. However, European investors were also interested since the notes were registered with Euroclear.

Chia Hsin Cement Corp, the only Taiwanese cement company permitted to invest in mainland China, launched a $65m offering of eight-year convertible bonds. The proceeds will be used to finance Chia's expansion in China.

INTERNATIONAL BONDS

Joint lead manager Robert Fleming said the bonds were targeted at equity investors in Asia and Europe since US demand for such instruments had waned in recent months.

News from Nairobi that the annual meeting of the African Development Bank (AfDB) had suspended proceedings while its governors discussed the bank's arrears and soft loan arm put pressure on the AfDB's Eurobonds.

Dealers said the yield spread on the AfDB's recent issue of 10-year Eurobonds had widened by five basis points to 45 basis points over 10-year US Treasuries in the last week. The bonds were launched in March at a spread of 28 basis points.

Revelations of mounting arrears, now more than $700m, and a critical report of the bank by outside consultants have put a question mark over the AfDB's triple-A rating.

Ms Helena Hessel, a director at Standard & Poor's in New York, said she would be reviewing the AfDB's rating in the next few months.

She noted the bank's problems were "part of the package for a regional development bank", and said that S&P would only be concerned if the criticism had a negative impact on shareholders.

"Should we see a real lack of support from shareholders and an increase in the bank's gearing ratio then this would have to be reflected in the rating," Ms Hessel said.

However, she was encouraged by the bank's steps to strengthen its provisions and sanctions policies.

Bombay SE could lift forward trading ban

By RC Murthy in Bombay and Stefan Wagstyl in New Delhi

A six-month row over forward trading between India's stockbrokers and the Securities and Exchange Board of India, the markets watchdog, could shortly be settled.

Brokers on the Bombay Stock Exchange said yesterday that exchange officials and Sebi executives were preparing rules for the re-introduction of forward trading, which has been banned by the Sebi for the past two months.

The prospect of a restart of forward trading has prompted a sharp rally in shares in recent days. The market has also been buoyed by renewed buying by foreign fund managers, partly motivated by the withdrawal of the $1bn Euro-issue by Videsh Sanchar Nigam, the international telecommunications carrier. Money earmarked for VSNL is now flowing into other shares.

The arguments over forward trading began last autumn when the Sebi launched a strong attack on a long-established informal kind of forward trading, on the grounds that it was not transparent and could easily be used for price manipulation. After failing to secure the brokers' agreement on regulatory rules, the Sebi banned forward trading altogether from March 12 and refused to be moved by brokers' protests.

The ban contributed to a sharp fall in shares, exacerbated by the worldwide turmoil in stocks caused by increases in US interest rates and by profit-taking.

The Sebi and the Bombay Stock Exchange declined to disclose details of their discussions.

Lisbon announces radical reform of bond market

By Peter Wise in Lisbon

Portugal's bond market is to be radically reformed next month with a comprehensive package of measures designed to increase liquidity, improve efficiency and bring trading practices into line with other European capital markets.

The government said yesterday the measures would create a wide range of new instruments and make the market more attractive to foreign investors. The package, which includes the effective abolition of withholding tax on non-residents, takes effect on June 23.

Traders welcomed the reforms, which should provide a framework for market development and a significant increase in liquidity. They are the culmination of almost two years of reform following the liberalisation of Portuguese capital movements in 1992.

"These reforms provide the instruments that international investors have long been looking for in Portugal," said Mr Rui Ferreira, director of fixed-income security trading at Banco Finantia. "We are now likely to see foreign investment in the bond market move up from less than 5 per cent of the total towards 30 per cent."

The main reforms are:

- The effective abolition of a 20 per cent withholding tax on non-resident holders of government bonds by refunding investors within 24 hours. Investors based in tax havens will not be exempt;
- The creation of a screen-based over-the-counter market open to banks for wholesale fixed-income security transactions of at least Es175m. The stock market will continue to be limited to brokers and will tend to specialise in retail transactions;
- Non-residents will be free to issue bonds and commercial paper in the Portuguese market after giving four days notice. Such issues are currently subject to government approval;
- A 9 per cent stamp duty and a 0.5 percent stock-market commission on repurchase agreements will be abolished and replaced by an annual fee to be paid for linkage to the screen-based reporting and clearing system;
- The abolition of taxes and commissions is designed to foster the growth of a repurchase market for Treasury bonds. The Bank of Portugal, the central bank, is to use Treasury bond repos as a new instrument of monetary policy;
- A regulatory framework for short selling and bond lending is to be introduced. The main aim is create a "grey market" to allow bidding at bond auctions to begin earlier;
- Coupons are to be traded on a gross basis and interest will accrue to the financial settlement date. Coupons are currently traded on a net basis and interest accrues to the physical settlement date;
- A new payment versus delivery system is to be installed bringing Portugal in line with the Euroclear system. The aim is to increase security and reduce counterparty risk.

"These measures will place us much closer to the more advanced European bond markets in terms of legislation, infrastructures and trading practices," said a government official. "The reform will be further enhanced by the creation of a futures and an options market before the end of the year."

Market capitalisation of the Portuguese bond market was Es4.58bn at the end of 1993, a rise of 35 per cent over the previous year. Daily turnover averaged Es27.6bn in February, against Es7.8bn a year earlier.

Analysts said the market was benefiting from Portugal's sound economic fundamentals and political stability. For example, the yield on five-year government bonds yesterday was about 100 basis points higher than in Spain, which is suffering the effects of a political crisis. But inflexible legislation, high taxes and a lack of liquidity currently made Portugal relatively unattractive to international investors.

"The withholding tax was a big deterrent to foreign investors," said Mr Jorge Silveira Botelha of brokers Midas Investimento. "Now that we have a date for its abolition, the liquidity of the market is certain to improve and market-makers will become more aggressive. These reforms will help Portugal compete more effectively with its main rivals, Spain and Italy."

DEVELOPMENT OF THE PORTUGUESE BOND MARKET

Apr 1992	Escudo placed in ERM of the EMS
Dec 1992	Capital movements liberalised
Dec 1992	Benchmark for five-year fixed-term securities
Apr 1993	Fixed-term securities integrated into stock exchange's continuous trading system
Apr 1993	Benchmark for seven-year fixed-term securities
May 1993	Standard & Poor's upgrades Portugal's long term external debt to AA- from A+
Jul 1993	Benchmark for 10-year fixed-term securities
Jan 1994	Fixed-term securities issued with standard annual coupon
Feb 1994	Plans announced to change fiscal system to enable non-resident investors to receive refund of withholding tax levied on Portuguese government bonds.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	103.7600	-0.840	8.89	8.78	8.10
Belgium		7.250	04/04	-	-	-	7.50	7.15
Canada *		6.500	06/04	86.5500	-0.200	8.52	8.56	8.11
Denmark		7.000	12/04	-	-	-	7.45	6.91
France	BTAN	8.000	05/98	-	-	-	6.32	5.94
	OAT	5.500	04/04	-	-	-	7.11	6.54
Germany		6.750	05/04	-	-	-	6.60	6.27
Italy		8.500	01/04	96.7000	+0.200	9.02†	9.13	8.66
Japan	No 119	4.800	06/99	106.9330	+0.320	3.22	3.37	3.49
	No 157	4.500	06/03	104.0290	+0.260	3.90	3.94	3.95
Netherlands		5.750	01/04	-	-	-	6.79	6.39
Spain		10.500	10/03	105.6500	+0.700	9.55	9.67	8.84
UK Gilts		6.000	08/99	92-18	+7/32	7.76	7.85	7.16
		6.750	11/04	90-03	+7/32	8.17	8.25	7.60
		9.000	10/08	105-26	+9/32	8.29	8.34	7.81
US Treasury *		5.875	02/04	89-30	+1/32	7.34	7.32	6.94
		6.250	08/23	85-03	+6/32	7.52	7.53	7.28
ECU (French Govt)		6.000	04/04	90.5400	-	7.38	7.57	6.94

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.00	Two year	6.03
Prime rate	6¾	Two month	3.76	Three year	6.46
Broker loan rate	5½	Three month	4.22	Five year	6.89
Fed.funds	3½	Six month	4.84	10-year	7.29
Fed.funds at intervention	-	One year	5.38	30-year	7.49

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) May 11

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	120.28	120.20	+0.50	120.40	119.78	199,695	113,469
Sep	119.30	119.26	+0.52	119.38	119.00	4,763	17,173
Dec	118.38	118.32	+0.50	118.48	118.10	3,353	3,529

■ LONG TERM FRENCH BOND OPTIONS (MATIF) May 11

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
119	1.53	1.98	-	0.30	1.84	-
120	0.64	1.43	-	0.60	2.26	-
121	0.33	1.03	-	-	-	-
122	0.12	0.63	-	1.92	-	-
123	0.03	0.42	-	-	-	-

Est. vol. total, Calls 21,775 Puts 49,558 . Previous day's open int., Calls 505,920 Puts 346,904.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.81	95.29	+0.30	95.48	94.55	67348	187028
Sep	94.22	94.77	+0.28	94.90	94.18	143	21081

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Jul	Calls Aug	Calls Sep	Puts Jun	Puts Jul	Puts Aug	Puts Sep
9500	0.65	0.87	1.20	1.40	0.36	1.10	1.43	1.63
9550	0.39	0.65	0.98	1.16	0.60	1.38	1.71	1.89
9600	0.20	0.47	0.80	0.96	0.91	1.70	2.03	2.19

Est. vol. total, Calls 10865 Puts 12446. Previous day's open int., Calls 323117 Puts 294996

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.45	100.85	+0.41	101.00	100.45	6	1773

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	111.54	112.44	+0.65	112.53	111.47	32889	75170
Sep	110.90	111.61	+0.55	111.60	110.90	521	4843

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11200	0.86	2.17	0.42	2.56
11250	0.58	1.94	0.64	2.83
11300	0.35	1.72	0.91	3.11

Est. vol. total, Calls 995 Puts 1206. Previous day's open int., Calls 78953 Puts 74648

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	95.35	96.40	+0.79	96.50	95.31	47,223	111,288
Sep	96.00	94.85	+1.35	96.00	96.00	100	1,591

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	103-16	104-02	+0-12	104-13	103-02	63766	125435
Sep	-	103-01	+0-11	-	-	0	508

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
104	0-57	2-08	0-53	3-06
105	0-30	1-46	1-26	3-44
106	0-14	1-24	2-10	4-22

Est. vol. total, Calls 2747 Puts 6954. Previous day's open int., Calls 108705 Puts 75009

Ecu

■ ECU BOND FUTURES (MATIF) May 11

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	87.04	87.22	+0.80	87.32	86.88	2,890	8,797

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	101-30	102-26	+0-26	103-04	101-18	581,860	419,801
Sep	100-31	101-31	+0-26	102-08	100-22	8,876	68,963
Dec	101-07	101-13	+0-30	101-16	101-04	1,844	33,487

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	113.08	-	-	113.05	112.60	1688	0
Sep	112.12	-	-	112.12	111.89	217	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu May 12	Day's change %	Wed May 11	Accrued interest	xd adj. ytd		Low coupon yield May 12	Low May 11	Low Yr. ago	Medium coupon yield May 12	Medium May 11	Medium Yr. ago	High coupon yield May 12	High May 11	High Yr. ago
1 Up to 5 years (22)	122.65	+0.13	122.49	1.72	4.34	5 yrs	7.81	7.85	7.09	8.02	8.06	7.37	8.11	8.16	7.60
2 5-15 years (23)	142.82	+0.27	142.43	1.65	5.32	15 yrs	8.18	8.23	8.06	8.28	8.32	8.48	8.60	8.63	8.72
3 Over 15 years (9)	160.59	+0.31	160.10	2.53	4.06	20 yrs	8.19	8.23	8.29	8.29	8.32	8.59	8.47	8.48	8.77
4 Irredeemables (6)	180.21	+0.06	180.07	0.45	6.12	Irred.†	8.31	8.32	8.62						
5 All stocks (60)	140.20	+0.23	139.87	1.82	4.82										

Index-linked							Inflation 5% May 12	May 11	Yr. ago	Inflation 10% May 12	May 11	Yr. ago
6 Up to 5 years (2)	184.86	+0.01	184.86	0.55	2.53	Up to 5 yrs	3.50	3.50	2.75	2.58	2.57	1.65
7 Over 5 years (11)	176.60	-0.08	176.74	0.96	1.69	Over 5 yrs	3.59	3.59	3.59	3.42	3.41	3.42
8 All stocks (13)	176.58	-0.07	176.70	0.92	1.77							

Debentures and Loans						5 year yield May 12	May 11	Yr. ago	15 year yield May 12	May 11	Yr. ago	25 year yield May 12	May 11	Yr. ago
9 Debs & Loans (76)	130.23	-0.09	130.34	2.43	4.17	9.39	9.38	9.00	9.37	9.36	9.52	9.35	9.33	9.68

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	May 12	May 11	May 10	May 9	May 6	Yr ago	High*	Low*
Govt. Secs. (UK)	93.94	93.77	93.45	93.20	93.69	94.85	107.04	93.20
Fixed Interest	111.97	111.48	110.92	112.15	112.91	110.99	133.87	110.92

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	May 11	May 10	May 9	May 6	May 5
Gilt Edged bargains	90.2	88.7	73.4	104.6	103.3
5-day average	92.0	93.0	92.5	95.4	97.4

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on May 12

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	90½	90¾	-⅛	8.02
AlbertaProvince 9⅜ 95	600	104⅛	104½	+⅛	6.27
Austria 8½ 00	400	104⅝	105		7.46
Bank of Tokyo 8⅛ 96	100	103	103¼		6.62
[illegible]					
United Kingdom 7¼ 97	5500	104	104⅛		5.60
Volkswagen Intl Fin 7 03	1000	99½	100		7.08
World Bank 0 15	2000	24¾	25⅛		6.66
World Bank 5⅞ 03	3000	94¼	94⅝	+⅛	6.73
World Bank 8¾ 00	1250	112½	112¾	+¼	6.17
[illegible]					
Abbey Natl Treasury 8 03 £	1000	94⅞	94⅞	+¼	8.98
Alliance Leics 11¾ 97 £	100	109	109½		7.86
British Land 8⅞ 23 £	150	88¾	89¼	+⅛	10.33
EIB 10 97 £	637	105¾	106	+⅛	7.59
Halifax 10⅜ 97 £	100	109⅝	109⅞		7.74
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield (1)	Yield (2)	Price £	+ or -	1994 High	1994 Low
[illegible]						

■ "Tap" stock. ‡‡ Tax-free to non-residents on application. £ Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Bank of Ireland at I£280m

By Tim Coone in Dublin

A substantial drop in loan loss provisions and a turnround in its US and UK divisions were the main factors behind a I£156m (£152.4m) surge in pre-tax profits at Bank of Ireland, the Republic's second largest clearing bank.

The group reported sharply higher pre-tax profits of I£280.1m on total income up 17 per cent to I£983m (I£841m) for the year ending March 31. This included I£13.5m in profits resulting from the harmonisation of accounting dates of certain subsidiaries.

Group loan loss provisions have fallen from I£150m to I£69m. The biggest drop was in its First New Hampshire subsidiary where provisions fell from I£66m to just I£7m. FNH put in profits of I£11.2m, its first contribution since it was acquired in 1988.

Interest income grew by 16 per cent to I£646m, while other income – derived mainly from fees and commissions – rose by 18 per cent to I£337m.

Operating expenses increased 12 per cent to I£631m (I£564m), although the underlying increase was only 2.9 per cent after adjusting for exchange translations.

Corporate and treasury operations showed a 6 per cent decline in profits to I£61.2m after an exceptionally good year in 1992-93 when the ERM currency crisis resulted in a sharp boost of activity.

A strong performance was also recorded by other activities, primarily in Bank of Ireland Home Mortgages in the UK and by life assurance and investment services. Their contribution to group profits jumped from I£3.5m to I£58.3m.

The Tier 1 capital adequacy ratio improved to 7.9 per cent (6.6 per cent).

Mr Pat Molloy, group chief executive, said that expansion of its retail banking operations into the continental European market "has been looked at" but ruled out, and that further growth in the group would therefore focus in its existing markets in Ireland, the UK and the US.

He would neither conform nor deny that the bank was looking to buy a large mortgage portfolio in the UK from another institution, but said: "We have been very encouraged by the success of BIHM in the UK and we expect to see substantial further growth in this market . . . I am open-minded about an acquisition."

Earnings were 35.2p (12.8p). A final dividend of 6.75p makes a total of 10.5p (9.83p).

● **COMMENT**

After several years of poor performance, Bank of Ireland is once again firing on all cylinders having finally cleaned up the mess it drove into at full speed in New Hampshire. Steady earnings growth should result as its main markets all emerge from recession, with pre-tax profits of I£300m and earnings of some 38p attainable in the current year. This puts the group on a prospective p/e of 6.9, which places it at the low end of the financial sector, which is hard to justify given its strong turnround and good business prospects.

B&J explains bid recommendation

By Andrew Bolger

Brown & Jackson, owner of the lossmaking Poundstretcher chain of discount stores, said yesterday it was recommending a rescue offer from Pepkor, of South Africa, because the group offered greater financial security and retailing experience.

B&J had previously recommended a capital injection by the Weisfelds, the millionaire couple who created the What Everyone Wants discount clothing chain.

The Weisfelds had offered to inject an initial £6m, in return for a 19 per cent stake and two seats on the board. If their investment had reached its proposed maximum of about £28m, their stake would have reached 42 per cent.

Pepkor has proposed injecting an initial £20m, but will receive a 63 per cent stake if it puts in the full £56.2m proposed.

In a circular B&J said the Pepkor offer included an offer of trade finance of up to £12m, which would allow the group to pay off its bank loans. The Weisfeld's plan included a bank guarantee of up to £3m, but further facilities until the end of this year would be subject to strict conditions.

B&J said these conditions would be costly and create a climate of continuing uncertainty. Pepkor's offer of finance arrangements with a five-year term would reduce the uncertainty and greatly increase the ease with which the business could be managed.

The circular said that the experience in variety discount retailing offered by Pepkor is greater than that of Mr and Mrs Weisfeld and will in the long term outweigh the contribution that the Weisfelds' experience is likely to make to a business of the nature and scale of B&J.

Mr Christo Wiese, Pepkor's chairman, said B&J, represents a discount store chain with good volume and market share. It is an established brand within the discount market and has an established supply and distribution network.

Costs and taxes restrain ADT net income to $27m

By Paul Taylor

ADT, the electronic security services and car auction group with operations in North America, the UK and continental Europe, yesterday reported a small increase in first quarter net income held back by higher interest costs and taxes.

Net income for the the three months to March 31 rose from $26.2m to $27.1m (£18.5m) while earnings per share slipped to 18 cents (20 cents). The shares closed 20p down at 585p.

The decline in earnings per share reflected a higher deferred tax charge and finance costs together with an increase in the weighted average number of outstanding shares as a result of the refinancing completed in the third quarter last year.

Interest expenses jumped to $19.6m ($12.7m) while the income tax charge increased to $6.6m ($4.2m).

Sales increased by 5.6 per cent to $348.8m, compared with $330.4m, fuelled by the continued growth in sales and installation of residential security systems, and increased dealer consignment business at vehicle auctions.

Operating income grew 20 per cent to $55.2m with electronic security services at $32.8m ($27.4m) and vehicle auction at $24.2m ($20.5m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AG Holdings ....int	2.25	July 1	-	-	2
Bank of Ireland ....fin	6.75‡†	July 15	6.5	10.5	9.83
City of Oxford ....fin	1.4	June 27	1.4	5	5
Euromoney Pubs ....int	13	June 27	10.5	-	38
Finlay (James) ....fin	2.15	July 14	2.15	4.15	4.15
GrandMet ....int	5.15	Oct 3	4.85	-	13
Hughes (TJ) § ....fin	1.75	July 4	1.55	2.5	2.3
I&S UK Smaller ....fin	1.8	July 1	1.6	2.8	2.8
Jarvis Porter ....fin	3.55	July 29	3.2	5.2	4.7
Morgan Gren Eqty ....int	2†	June 29	2	-	4.5
Overseas Inv Tst........int	0.85	June 29	0.85	-	3.15
Tomkinsons ....int	3.5	July 1	3.5	-	11.5
Warner Howard ....fin	5.04	July 4	4.38	7.31	6.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Irish pence.

Dissidents win control of Andrews Sykes board

By Paul Taylor

Dissidents led by Mr Jacques Murray yesterday finally won control of the Andrews Sykes board after shareholders at an adjourned extraordinary meeting voted Mr Murray and four of his supporters onto the eight-man board.

Mr Murray, who holds a 29.67 per cent stake in the specialist industrial services group, has waged an 18 month battle for control of the board. He has repeatedly expressed dissatisfaction with Sykes' performance.

An earlier move by Mr Murray, who is also chairman of Nu-Swift, the fire protection group, to unseat Mr David Hubbard, chairman, and take control of the board in October 1992 failed because of lack of institutional support.

Yesterday shareholders decided on a majority vote by proxy to appoint Mr Murray and his nominees to the board. They also decided to remove Mr Stuart Ross, finance director, and Mr David Crowe, an independent director, from the board. However, a proposal to remove Mr David Martin, Sykes' recently appointed chief executive, was rejected.

Winterflood to trade gilts

By Sara Webb

Winterflood Securities, the smaller companies marketmaker owned by Close Brothers, plans to move into trading UK government bonds this August.

The company has already started hiring gilt traders and is hoping to obtain permission from the Bank of England to join the ranks of gilt-edged market makers (Gemms).

Mr Brian Winterflood, chairman of Winterflood Securities, said the intention was to specialise in private client business and "smaller deals". At present, only a handful of the Gemms carry out small deals for private investors, and many gilt market participants claim the business is uneconomical. "It doesn't pay them to do these small bargains: some Gemms quote [prices] to miss, but we'll be quoting to deal," claimed Mr Winterflood yesterday.

Mr Adrian Ireland, formerly at SG Warburg Securities, has become head of trading.

Recovery lifts Royal Insurance to £32m

By Richard Lapper

Royal Insurance, one of the UK's largest insurance companies, yesterday reported pre-tax profits of £32m for the first three months of 1994, further underlining the recovery of the sector after its heavy losses between 1990 and 1992.

The result compared with a £2m profit last year, and followed positive figures earlier this week from both General Accident and Commercial Union.

Like its rivals, Royal was hit by a decline in the value of its investment in both bonds and equities over the quarter, with the group's solvency margin – which measures shareholders' funds as a percentage of non-life premium income – falling to 54 per cent (60 per cent).

Also like its competitors, Royal's better operating performance mainly reflected continuing improvements in the UK, where the underwriting profit of £10m (£41m loss) was Royal's best start to the year since 1989.

Excluding the reduction in its reinsurance operations, which Royal has scaled back, underlying general insurance income in the UK rose by 6 per cent. Rate increases are still being achieved in commercial lines, and pricing has been stabilised in personal lines.

In the US, Royal was hit by losses from winter weather of £31m and from the Los Angeles earthquake of £17m. Overall, underwriting losses in the US climbed from $94m to $131m (£90m), with the operating ratio (claims plus expenses as a percentage of premiums) reaching 134.3 per cent (123.7 per cent). The ratio on US householders' business rose to 206.8 per cent (147.9 per cent).

At group level general insurance premium income amounted to £846m (£909m). Life income was £92m (£94m). Underwriting losses were £96m (£129m).

See Lex

Lasmo confirms Algerian discovery

Lasmo, the independent exploration and production company under threat from a hostile bid by Enterprise Oil, yesterday confirmed the discovery of potentially big reserves in Algeria, writes Robert Corzine.

The announcement was made on the eve of Lasmo's expected publication of its defence to the Enterprise bid.

Mr John Hogan, chief operating officer, said reserve estimates for the three discoveries in the Hassi Berkine oil field amounted to 324m barrels of oil and natural gas condensate. There was a possibility that as much as 900m barrels could be recovered.

Argent property shows £23.6m increase in value

By Vanessa Houlder, Property Correspondent

Brindleyplace, a Birmingham development site bought last June by Argent Group, a property investment and development company, for £3m has been revalued at £26.6m.

The valuation of the site, which has planning consent for 1.1m sq ft of offices and 330,000 sq ft of retail space, excludes a parcel of residential land, which Argent has sold for £2m.

The figures were shown in the pathfinder prospectus for Argent, which is set to join the stock market with a market capitalisation of about £140m.

Argent also owns 16 investment properties, which were valued at £197.1m on March 31 and has exchanged contracts to buy another investment property, valued at £13.3m.

The placing and offer will raise about £25m of new money.

The company has net assets before flotation of £123m and net debts of £121m. Net assets per share have risen from 100.3p at the end of 1991 to 232.8p at the end of 1993.

In 1993, the company incurred a pre-tax loss of £3.86m (£3.76m), due to write-offs of interest rate hedging instruments.

Warburg Pincus, the US venture capital fund which owns 66 per cent of the company, will reduce its holding to below 50 per cent. The management, which own 16.6 per cent, do not intend to sell their shares.

Argent said it would not pay dividends until "the board is satisfied that it is in the interests of the group to do so". Its principal objective is growth in net assets per share.

Laying proper foundations

A wave of property companies have joined the stock market in recent months. But in the wake of the worst post-war property recession, few have been able to claim a particularly distinguished record.

However, Argent has few qualms in claiming such a background. "The Argent team has anticipated changes in the property market correctly and acted decisively," the prospectus says.

Argent bases its claim on three shrewd decisions taken over the past five years. It reduced its development exposure when the market peaked in 1989. It bought investment properties at the bottom of the market between 1991 and 1993 and it bought the Brindleyplace development site in Birmingham in the summer of 1993, shortly before a marked recovery in prime development land values.

The other factor that distinguishes Argent, in the eyes of some analysts, is the quality of its management. "There are only two management teams [of the property companies joining the market] worth backing, and this is one of them," says Mr Alec Pelmore of Kleinwort Benson.

Argent was founded in 1981 by Mr Michael Freeman, aged 42, and Mr Peter Freeman, 38, sons of Mr David Freeman of DG Freeman, the City law firm, and joint chief executives.

They began by assembling sites, winning planning permission and selling the package on to an institution or property company. Sometimes they would carry out developments themselves or with a joint venture partner. By 1989, Argent was involved in 20 developments.

But the property market was becoming overheated and in April 1989, Argent took the decision to get out. As a result, it now proudly states, it lost a mere £1m on its development programme and never missed an interest payment.

Two years later, it believed that property values had fallen so low that the time was right to re-enter the market. In July 1991, it established a joint venture with Warburg Pincus, a US venture capital company. Over the next two years, it bought 16 investment properties at a total cost of £136m.

In June 1993, it turned its attention to development land and bought Brindleyplace.

The company puts a heavy emphasis on having sufficient income from investments to cover interest payments and administration costs. Its income stream is already secure. About 85 per cent of its income will, barring defaults, be secure for more than 20 years.

Although the investment portfolio can be expected to benefit from a resumption in rental growth, Argent is unlikely to be generous in its payment of dividends. Some analysts also believe that short term growth prospects could be cramped by the full valuations that have been placed on its properties, particularly at Brindleyplace.

Nonetheless, the company is likely to get an enthusiastic reaction from the City when it joins the stock market.

"It is the most entrepreneurial of the newcomers," says Mr Chris Turner of BZW, the brokers. "It is an issue which, even in today's market, will go well."

Vanessa Houlder

Halkin expects to return to dividend list this year

By Peggy Hollinger

Shareholders in Halkin Holdings, the former Hoskins Brewery recently taken over by Mr Howard Hodgson, the funerals entrepreneur, are likely to receive their first dividend in more than five years by the end of 1994.

Mr David Moffat, finance director, said yesterday the group expected to pay a dividend which showed a yield of between 2 per cent and 3 per cent on the shares in December. Yesterday's closing price of 61p, a rise of 2p, would imply a net pay-out of roughly 1.2p.

Hoskins Brewery has had a chequered past, with several attempts by discontented shareholders to remove management. Mr Hodgson bought into the company last year, aiming to transform it into a mini-conglomerate. Mr Moffat said the group would pursue acquisitions this year.

Halkin revealed its first set of results since the takeover and the £15m rights issue-funded purchase of two businesses – Ronson, the lighter and household aerosol group; and Clifford, which supplies branded goods to the duty-free market. Both business had met their profits targets of £1.5m and £1m respectively.

The results, which cover only Hoskins Brewery as the other divisions were bought after the year-end, showed a £998,000 loss for the nine months to December 31, on sales of £478,000.

Brewin Dolphin raising £6.6m via share offer

Brewin Dolphin, the private client stockbroker, will raise £6.6m from a forthcoming share offer, which will also include the sale of about 15 per cent of existing employee shareholdings, writes Simon Davies.

The flotation is expected to value the brokerage at between £30m and £35m, against the £6m price of its management buy-out two years ago.

Trading for the four months to April 8 has been ahead of budget and up from the previous year. In 1993, it made a pre-tax profit of £3.52m, excluding exceptional write-offs.

The issue is sponsored by Charterhouse Bank and pricing will be announced on May 26.

Camas expected to be valued at between £230m and £260m

ECC reveals demerger details

By Andrew Taylor, Construction Correspondent

Details of the stock market launch of Britain's fifth largest aggregates company, with sales last year of £365.2m and net assets of £224.4m, were announced yesterday by English China Clays, which is demerging its building materials business.

Dealings in Camas – an acronym of Construction, Aggregates, Materials and Services – are to start on June 1, if the demerger is approved by shareholders at an extraordinary meeting on May 31.

They are being offered one Camas share for every ECC share currently held. ADR holders will also receive Camas shares.

Mr Malcolm Brown of James Capel, the brokers, said yesterday he expected Camas shares to open at 75p to 85p, valuing the company at between £230m and £260m.

The company initially had been looking for an opening value approaching £300m, before the recent slide in construction and building material share prices.

Camas last year made pre-tax profits of £11m (£6.4m), generating notional earnings per share of 3.03p after allowing for a 16 per cent tax charge due to beneficial deferred taxation arrangements.

A more normal tax charge of 27 per cent would have produced earnings of 2.6p.

Mr Alan Shearer, Camas chief executive, said a total dividend of at least 3.75p was planned this year.

Assuming an 80p opening price, this would put the shares on a yield of nearly 6 per cent and an historic p/e of 30 on the higher tax charge.

At the end of December, Camas had net debt of £66.7m, representing gearing of 29.7 per cent. Net debt is expected to have risen to £88m when the demerger is completed.

Four fifths of total sales were achieved in Europe, mostly in the UK. The company also operates in the US in Colorado, Minnesota and North Dakota.

Europe generated profits of £9.9m before central overheads, representing 4.9 per cent of sales of £292m. This compared with margins of 17 per cent in 1989, when the UK construction market was at its peak.

US profits, however, have improved, helped by the construction of a large new airport at Denver, rising to £8m, equivalent to 10.9 per cent of sales of £73.2m. This compares with margins of 4.4 per cent, producing profits of £1.1m in 1989.

Mr Shearer said markets on both sides of the Atlantic were recovering. The company's prices in the UK had been increased by an average of between 5 and 7 per cent in March, while sales volume in the UK was expected to rise by 1 per cent this year.

The company, in addition to producing aggregates, manufactures concrete products and is a leading asphalt contractor in the UK.

See Lex

Scudder trust to raise further £20m

By Bethan Hutton

Scudder Stevens & Clark, the US fund management group, has so far raised £50m with the launch of its first UK investment trust.

Scudder has been an investor in Latin America for some time, and already manages 10 US funds specialising in the area.

However, as the group is not familiar in the UK retail market, the Scudder Latin American Investment Trust has been marketed only to institutions.

Scudder is now offering another £10m each through a further placing and intermediaries offer, closing on May 27.

The fund was the fourth Latin American trust to hit the London market this year, following funds from Edinburgh Fund Managers, Morgan Grenfell, and Templeton. Mr Dan Pierce, chairman of Scudder, said the result of the launch was "very gratifying in what have been difficult market conditions".

Rothmans suspends Asian restructuring

By David Wighton

Rothmans International has given up its attempts to create an Asian holding company to attack the Chinese and Japanese cigarette markets.

It said yesterday that there were no immediate prospects of presenting new proposals for the creation of such a company to the boards of its separately quoted subsidiaries in Malaysia and Singapore.

Its plan to merge these companies with its north-east Asia operation were thrown out by the local shareholders in Rothmans (Malaysia).

The group said it was committed to the development of its north-east Asian markets which would be financed from its own resources. A new management team has been recently established in Hong Kong with responsibility for the Asia region.

Euromoney seeks £20m for purchases

By Nigel Clark

Euromoney Publications is raising £20m through a placing to pay for two acquisitions, refinance another and provide finance for further purchases.

The publisher and training and conference organiser also reported pre-tax profits for the six months to March 31 up 52 per cent at £9.01m (£5.94m). Turnover rose 85 per cent to £35.9m, which included £423,000 from acquisitions.

The shares rose 125p to £18.25p.

The company, the ultimate holding company of which is Rothermere Investments, is buying an indirect 30 per cent interest in Lingua Franca, a programming training and consultancy company and 49 per cent of Adhesion et Associes, a French business convention company.

It is also refinancing the acquisition of 80 per cent of Engel Publishing Partners, bought in March for an initial $1.32m (£880,000) and further payments to a maximum of $7.5m.

The issue price and number of shares will be fixed no later than May 18 after presentations have been made to possible investors.

Euromoney is paying $1m for the Lingua Franca stake, which will be increased to 50 per cent at a cost of $700,000 next year. Mr Michael Sobol, director of a Euromoney associate, is making the same investments as Euromoney, which will hold a put and call option on the stake.

In the year to March 31 1994 Lingua Franca reported operating profits of $515,000 on turnover of $4.38m.

The consideration for the holding in Adhesion will include an initial FFr24.5m (£2.9m). Further profit-related payments to a maximum of FFr130m will be made over the next three years taking the holding to 100 per cent. However, directors estimate the total cost should be FFr63m.

For 1993 pre-tax profits were FFr6.5m.

Three companies, AIC, DC Gardner and Century House, made initial full contributions of £1.98m to operating profits and £12.4m to turnover at Euromoney. Excluding these, turnover rose 21 per cent with operating profit up 36 per cent.

Earnings per share were 28p (19.5p) and the interim dividend is raised to 13p (10.5p).

Rank Org shares fall following lacklustre statement

By David Wighton

Shares in Rank Organisation lost 15p to 403p yesterday after the leisure company issued a trading statement described by one analyst as "lacking sparkle".

The company said it has had a "satisfactory first half so far, and there are continuing indications that leisure spending in the US and UK is likely to be at higher levels than in 1993".

In spite of bad weather in the US, which contributed to a slight decline in profits from its Hard Rock restaurant business, trading results up to the middle of April were ahead of last year. The film and television division had performed "particularly well".

But Mr Bruce Jones, leisure analyst at brokers Smith New Court, said that holiday bookings and the marginal increase in bingo turnover were "a little disappointing".

Although holidays sold for the first half were up 12 per cent, bookings for the second half were only 2 per cent ahead, in line with a slowdown in the total holiday market.

Mr Jones held his full-year profit forecast at £335m but BZW trimmed its prediction by £10m to £322.5m before exceptionals.

Mr Peter Hillier, BZW's analyst said: "Once again the growth is coming from Rank Xerox which has been an incredibly strong performer."

In spite of difficult market conditions in Europe, Rank Xerox's results for the first quarter to January were "significantly" higher than last year. Its underlying revenues increased by 6 per cent before adverse exchange rates with UK sales up by over 10 per cent.

Rank's interim figures will include a £62m charge, representing the group's share of the restructuring costs announced by Xerox in December, and a £50m provision for the closure of its US video distribution business.

CLS for market with £110m tag

By Simon Davies

CLS Holdings, the property company controlled by the Swedish Mortstedt family, is offering new shares at a 15 per cent discount to net asset value, reflecting growing competition and falling demand for property flotations.

The company will have a market capitalisation of £110m when it floats later this month, compared with its adjusted net asset value of £129m.

By comparison, the property sector is currently trading at around asset value, having held a 20 per cent premium earlier this year.

CLS is competing with companies such as Argent and London Capital Holdings. Other property flotations this year have not fared well.

CLS has responded to this. It is offering 45.04m new shares at 111p through a placing and intermediaries offer representing 46 per cent of the enlarged company.

The shares offer a notional yield of 5.5 per cent, which is extremely high for the property sector.

CLS was set up by brothers Sten and Bengt Mortstedt in 1983, when the family sold its property interests in Sweden and refocused on the UK. It sold close to half its portfolio around the peak of the market in 1989, and has been aggressively building it up since early 1993.

About 97 per cent of CLS's properties are within the M25 area, the exception being a property in Düsseldorf.

CLS will have net debt of some £155m after the flotation, bringing gearing back down to 120 per cent.

The offer, sponsored by UBS and Apax Partners, closes at 12am on May 23.

● COMMENT

In a sector stacked with new contenders fighting for investor attention, CLS has only one significant feature to make it stand out from the crowd: its price. At a 14 per cent discount to the sector, and a yield of 5.5 per cent, it seems cheap. The more complex issues like where does the company go from here, and why should the Mortstedt's float it at this price, remain unanswered. But the family are not selling a single share, and are taking half their dividend in scrip for the next three years. With that level of confidence from the backers, the shares look attractive.

French Connection mounts recovery

Shares of French Connection Group rose 14p to 169p yesterday after the USM-traded fashion clothing company mounted a strong profits recovery, writes Graham Deller.

On turnover ahead 35 per cent to £63.9m, the pre-tax line for the 12 months to January 31 amounted to £5.14m, against losses last time, restated for FRS 3, of £133,000.

Mr George Wardale, chairman, said: "Our strong brands [French Connection and Nicole Farbi] performed well in difficult markets which, along with a strict control of costs, resulted in the return to profitability."

The retail environment was "still demanding", he added, although summer collections had been well received and winter order books for both labels were ahead of the previous year.

UK sales improved to £36.7m (£29.97m) with good performances in both wholesale and retail operations.

Turnover in the US jumped from £11.6m to £20.7m – reflecting the addition of two more stores in New York and significantly higher wholesale business.

After tax at an effective rate of 31.5 per cent and minorities, earnings per share emerged at 17.3p, against losses last time of 4.5p.

Directors said a dividend would be considered "when the accumulated profit and loss account returns to credit".

DCC joins market in I£6m placing

By Tim Coone in Dublin

DCC, the Dublin-based private industrial holding company, is to be listed on the London and Dublin stock exchanges from next Thursday following a placing of 3.3m shares at 250p per share.

The company is raising I£6m (£5.86m), but according to Mr Jim Flavin, chief executive: "The primary objective of the flotation is to obtain a listing. Raising capital is a very secondary matter."

With 72.6m shares in issue after the placement DCC has a market capitalisation of I£182m.

Earlier this week DCC announced pre-tax profits up 49 per cent to I£22.4m for the year to March 31.

The group is focused on five divisions. Including associated subsidiaries, its energy division, comprising LPG and gas distribution and waste oil recycling, contributed 39 per cent of profits last year, its food division 27 per cent. Two others, print and publishing and computer products distribution, contributed a further 27 per cent.

Mr Flavin said the group's strategy was to manage risk through "spread and financial prudence. We are long-term in our thinking and believe that strong businesses are built over the long haul".

Mr Flavin founded DCC as a venture capital company in 1976 with capital of I£180,000. The focus shifted to an industrial holding company in 1990.

On last year's earnings per share of 19.56p the flotation gives an historic p/e of 12.8. This compares with an historic p/e for industrials in the Irish market of 17.8, and an overall market p/e of 15.1.

Stakis £7m buy

Stakis is buying the four star Avisford Park Country Hotel in Arundel, West Sussex, for £7.1m cash. The hotel has conference and leisure facilities, including a nine hole golf course which will be leased back to the present owner, Mr Tony Pagett-Fynn.

NEWS DIGEST

Shaftesbury buoyed by interest cut

Shaftesbury, the property investment company, reported pre-tax profits sharply higher at £1.28m for the six months to March 31, against £344,000. The main factor was a £720,000 fall in net interest charges to £1.4m.

Earnings per share benefited from a tax refund of £427,000, coming out at 3.5p (1.2p). There is no interim dividend, but the capital reduction during the period will enable a final payment to be recommended.

Sales of properties were lower at £800,000 (£1.97m) as turnover fell to £4.13m (£5.22m). However, there was a surplus on disposal of properties held as fixed assets of £151,000 (£79,000).

TJ Hughes shows rise 9% to £1.6m

TJ Hughes, the discount retailer based in the north-west of England, increased pre-tax profits by 9 per cent in the year to January 29 from £1.47m to £1.6m.

Sales were up 8 per cent, from £40.2m in the previous 53 weeks to £43.5m.

The final dividend is raised to 1.75p, making a total of 2.5p (2.3p) payable from earnings per share of 5.45p (5.2p).

Mr Gurth Hoyer Millar, chairman of the USM-traded company, said that the development of the discount department stores had continued with an opening in Preston, bringing the total to 13. Three further store openings were planned for 1995 and a 130,000 sq ft distribution facility had been acquired.

Mr Eric Hodges is to retire as managing director next January and will be succeeded by Mr Steve Boyfield. Mr Hodges will become a non-executive director.

I&S UK Smaller beats benchmarks

Ivory & Sime UK Smaller Companies Trust lifted its fully diluted net asset value by 16 per cent – from 97.08p to 112.39p – over the 12 months to March 31.

The trust showed a rise in net asset value of 8 per cent over its second half, beating the FT-SE SmallCap Index (excluding investment trusts) and the FT-SE-A All-Share Index, up 7 per cent and 3.7 per cent respectively over the same period.

Net revenue for the year dipped to £615,000 (£752,000), for earnings of 2.93p (3.59p) per share. the total dividend is maintained at 2.8p via a same-again final of 1.8p.

AG makes French acquisition

AG Holdings, the maker of despatch and shipping reels, has conditionally acquired 67 per cent of Adome, the Vichy-based parent company of Société D'Emballage Manutention Stockage.

The company makes wooden and plywood reels and has 15 per cent of the French wooden reels market. AG is acquiring 30 per cent of Adome for FFr660,000 (£77,000) and is subscribing a further FFr814,000 for new shares to bring its holding to 67 per cent.

There is an agreement to acquire the remaining 33 per cent over the next five years for a sum, payable in cash, to be determined by reference to profits achieved in that period.

AG also announced interim results for the period to January 31, which showed virtually unchanged pre-tax profits of £1.2m. Turnover was ahead 8.6 per cent from £7.39m to £8.02m, with 5.3 per cent of the increase relating to the Askern Steel Reels purchase.

Earnings per share dipped to 4.5p (4.7p). The interim dividend is 2.25p – last year's single final was 2p.

The deal is subject to approval by the French authorities and audit of net assets.

Intl Investment Trust of Jersey

International Investment Trust Company of Jersey raised after-tax profits to £517,000 in 1993, compared with £20,000 restated for FRS 3.

Earnings per share came to 11.2p, against 15.7p losses last time.

Dutch purchase for Bunzl

Bunzl, the distribution and cigarette filters group, has acquired a leading Dutch distributor of disposable products to the catering and hotel trades.

It has bought Gebroeders van Hoogstraten Papier en Plastics, which trades as Hopa Disposables.

Mr Anthony Habgood, Bunzl chief executive, said the deal demonstrated the group's continuing commitment to the development of plastic and paper disposables, its largest and most profitable business area.

Rubicon makes £4.8m acquisition

Rubicon Group has made one acquisition and two disposals.

It has conditionally agreed to buy Beeley Wood Holdings, a manufacturer of safes for automated teller machines, for £4.84m. This acquisition will complement High Speed Production (Holdings), the precision metal components and assemblies company, which Rubicon bought in July 1993 for £9m.

At the same time it is shedding some parts of its core shop fitting operations with the sale of Chiltern Retail Systems, which makes moving belt check-out systems, to Wagon Industrial Holdings for £4m.

It is also selling its shelving and display division to Harris Watson Trading for £2.15m, of which £1.25m is payable in cash on completion.

Schroder Korea net assets improve

Net asset value per share of Schroder Korea Fund stood at $13.13 (£8.90) at February 28, against $8.96 at end-December 1992. Fully diluted, the figure was $12.61 ($8.96).

The net deficit for the 14 months period amounted to $509,000 ($119,000 surplus) and losses per share were 10.18 cents (earnings of 2.38 cents).

Interest boosts Northern Leisure

Lower interest payable, down from £1.66m to £1.32m, lifted pre-tax profits of Northern Leisure, the discotheque, ten-pin bowling and amusement park concern, to £1.08m for the 26 weeks to February 27, compared with £682,000 previously.

Turnover was little changed at £11.7m. Earnings per share were 3.4p against 2.4p and directors intend to recommend a final single dividend of at least 1p. Thereafter it is intended that interim and final distributions will be paid in May and November.

The group proposes to raise some £4.8m, net of expenses, by way of an underwritten issue of £5.4m nominal of convertible debenture stock 1996-2001 at par, initially yielding 8.25 per cent.

The directors have reached agreement with a consortium, comprising Royal Bank of Scotland, National Westminster Bank and Bank of Scotland to provide new loan and overdraft facilities initially amounting to £21.8m.

These are conditional upon the issue of the debenture stock proceeding. Directors stated that if all the conditions of both the facilities and issue were not met by July 19, the new banking facilities would not come into effect.

Gartmore American net assets decline

Gartmore American Securities saw net asset value per share decline by 19 per cent, from 52.4p to 42.3p over the 12 months to March 31.

Net revenue amounted to £1.46m (£1.5m) for earnings of 4.33p (4.39p) per share. A fourth interim of 1p maintains the total for the year at 4p.

Critchley pays £2.5m for Woodchester site

Critchley, the electrical cable accessories manufacturer, is paying £2.5m for a 15.5 acre site, comprising a factory and offices at Woodchester, Gloucestershire.

In its last accounts, Critchley announced a plan to spend £2.4m to develop the Brimscombe site. However, it has now been decided that the acquisition of the Woodchester property represents a more attractive alternative.

Clayhithe sells Laser-Scan stake

Clayhithe, the finance and management provider, has sold its 29.9 per cent stake in Laser-Scan Holdings to the Causeway Smaller Quoted Companies Fund.

Net proceeds amounted to about £1.15m. The disposal was in line with Clayhithe's policy of realising non-core investments.

Inchcape makes Swedish purchase

Inchcape Testing Services, part of Inchcape, the international services and marketing group, has acquired Semko, the Swedish testing company.

Semko carries out electrical and electronic testing and certification and its acquisition more than doubles Inchcape's European testing capability in this field.

Jarvis Porter makes Dutch purchase

By Paul Taylor

Jarvis Porter, the specialist label printer, yesterday announced plans to acquire three Dutch labelling companies for Fl 48.6m (£17.4m) from Nederlandse Grafische Groep.

The deal came as the group reported a 43 per cent increase in full year pre-tax profits, buoyed by earlier domestic acquisitions. Earnings increased by 28 per cent to 14.6p (11.4p) and the final dividend is raised to 3.55p making a total for the year of 5.2p (4.7p).

The proposed acquisition will be funded by a rights issue of 7.56m shares at 230p and provides Jarvis Porter with an important foothold in the continental European label printing market. The shares closed 1p lower at 274p yesterday.

The rights will be on the basis of one new ordinary share for every 4.24 shares held and is subject to shareholders' approval at an extraordinary meeting on May 31.

NGG reported pre-tax profits of Fl 8.05m (Fl 7.81m) in 1993 on turnover of Fl 45.2m (Fl 43.9m).

Of the three operating companies, Peha Etiketten makes high quality self-adhesive labels for the toiletry, cosmetics, food and household products sectors, Jeka Speciaaldrukkerij en-Uitgeverji supplies the fast turnround market for self-adhesive labels and Drukkerji Zwart specialises in the production of heat seal labels used to seal the outer wraps of vacuum packed coffee.

Mr Paul Jarvis, chairman, commenting on the acquisition, said it would strengthen the group's position in the primary labels market and represents a further step in the international development of the group.

"It continues our strategy of augmenting growth in existing businesses by selected acquisitions in specific niche markets within the print and packaging sector," he said.

Jarvis's results for the year to February 28 highlighted the success of this strategy to date. Pre-tax profits jumped from £4.78m to £6.83m.

Turnover grew by 40 per cent to £55.6m (£39.7m) including £7.74m from the acquisition of Dolphin in Lewis and Irwin Packaging in Cardiff at the start of last year.

The two acquisitions contributed £951,000 to operating profits which increased by 48 per cent to £7.05m (£4.76m) and operating margins improved to 12.7 per cent (12 per cent). Profits were slightly reduced by net interest costs of £217,000, compared with receipts of £24,000 a year earlier.

● COMMENT

The NGG deal looks good. The self-adhesive label business is the fastest growing segment of a fragmented, but expanding market and the acquisition should enable Jarvis to supply an enlarged multinational customer base. Jarvis is buying growing businesses which operate on healthy margins and the price looks fair. With pre-tax profits of about £10.3m forecast for this year, producing earnings of 18p, the shares are trading on a reasonable forward multiple of 15.2. Although the rights offer is the third since 1991, it deserves support.

Kenyan tea yield helps Finlay rise to £13.8m

By David Blackwell

A higher yield from its Kenyan tea plantations helped James Finlay, the overseas trading and financial services group, to lift profits by more than 36 per cent last year.

Pre-tax profits rose from £10.1m to £13.8m on turnover of £184.4m, up from a previous £165.2m.

Mr Richard Capper, deputy chairman, said that the group's tea production in Kenya last year was 22.3m kg following good weather conditions in the early months of last year and improvements in husbandry.

This was a marked improvement on 1991 and 1992, when production amounted to 20m kg.

The increase was behind a rise in operating profits from plantations from £8.78m to £11.3m.

The trading, manufacturing and merchanting activities trebled operating profits from £1.11m to £3.33m on the back of increased activity in the tea trade.

Operating profits in the confectionery and beverage manufacturing division, which makes Paynes Poppets and supplies all Sainsbury's own label tea and coffee, were down slightly at £3.94m, compared with a previous £4.21m.

Mr Capper attributed the decline to the difficult UK market for confectionery, and the costs of a TV advertising campaign for Poppets.

The merchant banking and international trade confirming division moved from a loss of £436,000 to a profit of £447,000.

The oil and gas activities in North America fell into the red to the tune of £2.55m, compared with a previous profit of £310,000, mainly as a result of lower prices and increased depreciation charges.

The tax charge rose from 52.8 per cent to 62.2 per cent, reflecting the losses in the US, for which there is no relief, and currency losses in Kenya, where the tax rate is higher than the UK.

Earnings per share were up from 4.7p to 5p.

An unchanged second interim dividend of 2.15p maintains the total for the year at 4.15p.

Warner Howard up 16% and sees further growth

By Peggy Hollinger

Warner Howard, the hot air hand dryer and laundry equipment company, overcame a 4 per cent decline in turnover to report its eighth consecutive year of profits growth with a 16 per cent advance at the pre-tax level.

Mr Ernie Hazell, managing director, said he was confident the current year would show further growth. The rate of business failures, which hit the group hard in 1993, had slowed noticeably in recent months.

The final dividend "which is a sign of that confidence" is increased by 15 per cent to 5.04p, for a total 12 per cent higher at 7.31p. Earnings benefited from a lower tax charge to advance 21 per cent to 21.07p.

Warner Howard, which boasts 75 per cent of the UK market for rented laundry equipment, reported pre-tax profits up from £5.91m to £6.84m in the year to February 28, on sales £1m lower at £22.2m. Operating profits of £6.77m (£5.92m) included profits of £112,000 (£337,000 losses) from discontinued activities.

The drop in turnover reflected the absence of a £1m contract in 1993 to sell laundry equipment to hotels in the former Soviet Union. Mr Hazell said the profits on that contract had been so slim that the absence of the business had not affected profits.

The rentals division, which supplies laundry, hygiene and catering equipment, remained "the engine of growth", with sales 7 per cent ahead at £13.5m giving operating profits of £6.7m, a rise of 12 per cent.

The lower margin equipment sales division suffered a £1.2m drop in turnover to £5m and operating profits halved from £400,000 to £200,000.

The service division showed a 19 per cent drop in sales to £3.7m, with profits falling from £850,000 to £700,000.

Mr Hazell said the group was seeking to be more active on the acquisition front, in particular to build its hygiene and catering equipment divisions. Warner Howard had already completed its first purchase this year, paying £1.02m for a hygiene rental portfolio.

The purchases would almost certainly be funded through either cash flow or by gearing up the balance sheet. Warner Howard has net cash of £600,000.

Tomkinsons shares fall 11% to 280p

Tomkinsons, the carpet manufacturer, saw its shares fall 11 per cent after reporting pre-tax profits down from £430,000 to £332,000 in the six months to April 2.

The shares fell 35p to 280p.

The company said that there had been considerable volatility in the carpets market and concerns about increases in personal taxation had depressed consumer sentiment.

The trading outlook remained difficult, the company added, and the full year trading was expected to be below that of last year.

Turnover was £9.8m (£10.4m). Earnings per share were 3.6p (4.7p).

The interim dividend is being maintained at 3.5p.

Saloons set for showdown

Tony Jackson on the choices facing GrandMet's pubs joint venture

Among the customary blizzard of detail accompanying Grand Metropolitan's interim results yesterday, there was one notable omission.

The market had half hoped for news on how GrandMet aimed to tackle one of the most troublesome parts of its business: Inntrepreneur Estates Limited, its pub joint venture with Courage. Instead, the official statement contained just one line: "IEL reached break-even for the half year, in line with expectations."

Given that IEL is by far the UK's biggest publican, with 6,500 pubs valued at £1.7bn, this might seem a pathetic result. Quite the contrary, according to Mr David Tagg, the GrandMet director in charge of IEL. Everything is going to plan.

When it was formed in 1991, IEL was deliberately loaded with debt by its two owners. It has lost money ever since.

"When we set it up," Mr Tagg said yesterday, "we said we would break even in 1994-95. We've done that. We also said we would consider with Courage what to do when we got there. We're doing that now."

Mr Tagg would not be drawn on various market rumours, such as a planned management buy-out or the flotation of a couple of thousand pubs as a wholly new company.

"There are a range of options," he said. "We can go anywhere from retaining the whole business to getting out. Refinancing is an option somewhere in the middle."

And how long will the decision take? "That's very hard to say. Not weeks: it might be months – maybe years" (probably within the year, according to his boss, GrandMet chief executive George Bull).

There is no doubt that GrandMet wants out: or, as Mr Tagg put it diplomatically, "IEL does not fit GrandMet's strategic profile."

The snag is that Courage presumably wants out as well.

Its parent, the Australian brewer Foster's, is not flush with cash, and has recently made clear that its ambitions lie not in Europe, but in the nearer and faster-growing markets of Asia Pacific.

A further snag is that the two partners suffer from an inherent conflict of interest.

As a pure pub operator, GrandMet will naturally aim to push its rents as high as possible. This puts pressure on the individual publican to raise beer prices, thus reducing sales. This is bad news for Courage, which supplies beer to more than 4,000 of the pubs.

The contract for that supply lasts until the end of March 1998. Presumably, Courage would like to extract itself from the venture in a way which left the contract in place. This, says Mr Tagg, is not impossible. "All these issues are in the melting pot. It's all for discussion."

Besides making no money, IEL has an image problem.

According to its rivals, the estate is in poor shape, with a long tail of small and grotty pubs. Mr Tagg disputes this.

"We've disposed of almost 1,000 pubs since we started the joint venture, largely at the tail end," he said yesterday. "The estate is now in pretty good shape. I would say there isn't much of a tail compared with the other major estates."

The whole saga illustrates the continuing effect of the changes imposed by the government on the beer industry in 1989.

Five years on, the industry is less stable than ever. As long as IEL's 6,500 pubs overhang the market, it is hard to see that changing.

Start-up costs behind £6.6m Flextech deficit

By Katrina Lowe

Flextech, the USM-traded cable and satellite television group, yesterday reported pre-tax losses of £6.62m in the 12 months to December 31 1993 on turnover of £6.77m.

The operating loss of £6.26m was mainly due to start up costs associated with the launch of the Family Channel and duplicated satellite costs.

Directors said comparisons with 1992 were not possible as the group was reorganised via a reconstruction in July of that year.

Flextech has undergone further changes in the current year, including the merger with the European programming assets of United Artists European Holdings.

Under the deal, Tele-Communications, the largest US cable television operator, becomes Flextech's controlling shareholder.

The enlarged company becomes the biggest cable and satellite channel operator in the UK after British Sky Broadcasting, the satellite broadcaster in which Pearson, owner of the Financial Times, has a significant stake.

Flextech has since added terrestrial broadcasting to its portfolio through the acquisition of a 20 per cent stake in HTV, operator of the Wales and west of England Channel 3 licence.

Mr Stanislas Yassukovich, chairman, said income from satellite and cable subscribers would form the most important revenue stream over the next few years.

Melville share deals suspended

Shares in Melville Group were suspended at 4½p yesterday after the exhibition services and interior fittings company warned that it was in talks which might lead to the sale of a substantial part of its business.

In November, the company reported pre-tax losses for the year to June 30 of £1.18m, against a restated £18.6m deficit.

The result was after a fall in exceptionals and provisions from £12.7m to £930,000.

Regal Hotel plans four more purchases

By John Murrell

Regal Hotel Group, the USM-traded provincial hotel operator, is set to almost double in size via the planned purchase of four more hotels for £9.5m.

To partly fund the acquisitions, Regal is proposing to raise about £11m by way of a placing and open offer of 628.57m new ordinary shares, 47.4 per cent of the enlarged capital, at 1¾p.

Some £6.4m of the proceeds will be used to satisfy part of the purchase consideration with the balance being satisfied by bank debt of £3m and the issue of 5.71m new shares.

The remaining proceeds will be set aside to fund the acquisition of a further hotel and to provide additional working capital.

Of the placing and open offer shares 312.5m have been placed firm by Guinness Mahon with institutions and other investors, while 316.07m have been placed subject to a clawback by ordinary shareholders on a 7-for-15 basis.

Mr Keith Goldie-Morrison, chairman, said the acquisitions represent further progress in Regal's strategy of assembling a chain of 3 star provincial hotels in commercial locations.

Regal is paying £1.65m for the Time Out Hotel at Blaby, near Leicester, £3.5m for the Hillcrest Hotel, Widnes, £3m for the Hall Garth Hotel, near Darlington, and £1.35m for the Cumbrian Hotel, Carlisle.

The acquisitions increase the total number of hotels owned by Regal to nine. A further two are operated under management contract.

Dealings in Regal's shares were suspended at 2p yesterday. They are expected to resume on June 10, following completion of the placing and open offer and shareholders approval of the purchase.

COMMODITIES AND AGRICULTURE

Silver deficit at record and still growing

By Kenneth Gooding in New York

Worldwide fabrication demand for silver outpaced supply for the fourth consecutive year in 1993, by a record 207.5m troy ounces, according to the annual survey from the Silver Institute, the Washington-based international association of miners, refiners, fabricators and manufacturers.

The deficit is forecast to widen this year to 248.4m ounces.

This suggests that stocks of silver readily available to the market, which stood at 1.1bn ounces in 1990 could be down to 620m at the end of this year. The survey points out that the 1.1bn of stock was built up from supply surpluses between 1979 and 1990. Any other silver stocks are probably relatively unavailable to the market at any price, given that they had not been sold when prices rose ten fold, from US$5 to $50 an ounce in 1979 and 1980, nor when silver prices fell by more than 90 per cent in the following 13 years.

According to the CPM precious metals consultancy group which compiled the data for the survey, silver supply fell by 6.1 per cent last year, from 501.7m ounces to 471.2m, the lowest level since 1986. This was mainly because of closures of copper, lead, and zinc mines where silver was produced as a by product.

Fabrication demand, meanwhile, rose by 14.4 per cent, from 593.4m ounces in 1992 to 678.7m. Much of this growth came from a doubling of demand in India, the second largest consumer, after the US, for silver jewellery and decorative objects following the relaxation of import restrictions there in January 1993, which lead to lower Indian market prices.

Worldwide fabrication demand is projected to rise this year by another 7.2 per cent to 727.8m ounces. Supply in 1994 is predicted to grow at a much lower rate, by 1.7 per cent to 479.4m ounces.

The surge from India helped demand from silver jewellery and flatware manufacturers to jump by 27.5 per cent last year to 221.6m ounces, so that it overtook the use of silver in photographic film and papers, up by 1.3 per cent to 195.9m ounces.

"This was the first time in more than 25 years that silver used for jewellery and silverware was greater than silver demand in photography," said Mr Dennis Wheeler, president of the institute at an analysts' briefing here. "This is very significant and it reflects the increased demand for the metal from growing economies such as India and Thailand."

Mr Jeffrey Christian, managing director of CPM, picked up this theme when discussing long term trends in the use of silver. There had been a sharp increase in the share of the silver market represented by fabrication demand in developing countries, primarily in India and Thailand.

Much of the jewellery formerly fabricated in Italy or the US was now made in Thailand. Consequently, silver use in developing countries, which was no more than 15 per cent of world demand between 1979 and 1989 was more than 30 per cent in 1994.

Silver use in coinage last year rose from 29.4m to 38.1m ounces, mainly because the Mexican government began issuing again legal tender coins containing silver. This absorbed 15m ounces. Demand could be lower in 1994.

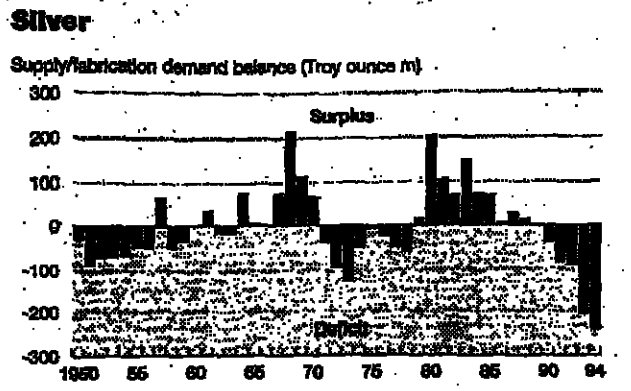
The price of silver averaged US$4.30 an ounce last year, up by 9.4 per cent (nine point four) from $3.93 in 1992. However, when adjusted for inflation, the real price of silver remained at one of its lowest levels since the 1940s.

Mr Christian said: "In the first four months of 1994 demand has continued to increase in most major market sectors. Indian demand and imports are rising and should exceed last year's phenomenal levels. Demand is also reviving in Japan and some European countries in which silver use, and economic growth in general, has been rather stagnant until recently. Demand is increasing in the US, Thailand and other big consuming nations".

World Silver Survey 1994: US$30 in the US and $35 elsewhere; from the Silver Institute, 1112 Sixteenth Street, NW, Suite 240, Washington DC 20036.

Silver

Supply/fabrication demand balance (Troy ounce m)



Source: World Silver Survey, 1994

Crop setbacks put Indian sugar trade into reverse

Imports are now needed so that a presence can be maintained in the export market, writes **Kunal Bose**

India's sugar crop hopes are continuing to fade. Having already been lowered to 10.5m tonnes from 11m, the production estimate for the 1993-94 season (October-September) has recently been cut to not more than 9.8m tonnes.

Last year, the country produced 10.6m tonnes of sugar, down from the 1991-92 record of 13.4m.

A concerned federal government has allowed duty-free imports of white sugar so that the domestic production shortfall does not lead to a runaway inflation in sugar prices. According to industry officials, between the Indian Sugar & General Industry Exim Corporation and the trade, nearly 500,000 tonnes of sugar have already been contracted for import. And import contracts for another 300,000 tonnes are likely to be signed in the next few weeks.

The imported sugar has started arriving at Indian ports and to facilitate its distribution the government has told the trade that it will be exempted from the "stock-holding limit and turnover time applicable to sugar produced within the country".

Earlier the government allowed the import of raw sugar for processing and re-export at a minimum value addition of 7.5 per cent. This was done in response to the suggestion by the Indian Sugar Mills Association that India, which reappeared as a sugar exporter in 1990-91 should maintain a presence in the world market in spite of the production setback. The ISGIEC, the industry's trading arm, has already imported 12,000 tonnes of raw sugar, and the seller has the option to supply the same quantity by June 1994.

Meanwhile, ISMA has told the government that in view of the worsening domestic supply situation the imported raw sugar should be allowed to be marketed within the country after processing without attracting any levy. And the government is expected to accept the proposal.

The government has allowed duty-free imports of white sugar to prevent runaway inflation

Hit by a severe drought, Maharashtra, the biggest sugar producing state, where crushing of cane is almost over, will end the season with production of 2.7m tonnes, compared with last year's 3.36m.

The setback to production in Uttar Pradesh to 2.66m tonnes from 2.86m is blamed on large-scale diversion of cane to production of gur and khandsari, traditional sweeteners for the local peasant market. According to ISMA, "a good 500,000 tonnes of sugar has been lost in Uttar Pradesh because of the cane diversion".

The production loss in Bihar is because of damage caused to the standing crop by floods and excessive rains. There will also be production shortfall in the two north Indian states of Punjab and Haryana.

Gujarat, however, is expected to step up production to 970,000 tonnes from 751,800. Production will also be higher in Karnataka and Andhra Pradesh.

The expected production of 9.8m tonnes will not meet domestic consumption, which the government is seeking to restrict to about 12m tonnes through the monthly sugar release mechanism. The total availability of sugar in the current season will be, however, around 13.8m tonnes, including the carry forward stocks of 3.2m tonnes and imports of 800,000 tonnes.

Though the Indian sugar season begins in October, production gains momentum only from the end of November, so the new season should ideally start with stocks equal to the sugar requirement for at least two and a half months. This is not going to happen in 1994-95.

In the meantime, new cane plantation has started. According to industry official plantings will be 20 to 25 per cent higher than last year's. But the first crop forecast and the likely sugar production in the next season will not be available till June by when the monsoon has set in.

Malaysia's tin employers may disband association

By Kieran Cooke in Kuala Lumpur

The Malayan Mining Employers' Association (MMEA), which groups Malaysia's main tin mining and smelting companies, is considering disbanding because of the dramatic decline in the country's tin industry.

The association says that though there has been a recent rise in tin prices a sustained recovery has still not been achieved. Last week tin was trading at around M$14.25 ($5.36) a kilogram on the Kuala Lumpur market. Malaysian tin producers say they need prices in the range of M$16 to M$18 to cover costs.

Last September the Kuala Lumpur price dropped to a low of M$10.78 a kilogram.

Malaysia was once the world's largest tin producer with an annual output in the 1960s of between 60,000 and 70,000 tonnes; last year its production fell by 28 per cent to 10,384 tonnes. In 1980 nearly 40,000 workers were employed in the country's tin industry; according to the MMEA tin employment has fallen to less than 2,300.

The Association of Tin Producing Countries, which groups many of the world's big producers, is meeting in Kuala Lumpur this week to review the state of the world industry. The MMEA is not optimistic about the short term prospects. It says that other materials like glass, aluminium and plastic are increasingly replacing tin in the packaging industry.

The MMEA says that the US Defence Logistics Agency has continued to dispose of large amounts of tin on the world market. Oversupply problems have been exacerbated, meanwhile, by increased production from relatively new producers such as Peru, Portugal and Vietnam.

Jamaican bauxite output up 3.5 per cent

By Canute James in Kingston

Jamaica's bauxite (aluminium ore) production grew was up 3.5 per cent in the first quarter of this year compared with the corresponding period of last year, to reach 2.85m tonnes, mainly because of an increase in output by one of the island's largest refiners.

Production of alumina (aluminium oxide) in the quarter rose to 792,044 tonnes, 9.4 per cent up from a year earlier, the Jamaica Bauxite Institute reported. Crude ore exports fell 9.1 per cent to 892,477 tonnes.

Jamaica is the world's third largest producer of bauxite, after Australia and Guinea.

"The increase in raw ore production and in the output of alumina are mainly the result of the expansion in capacity and production by Alumina Partners of Jamaica," said Mr Parris Lyew-Ayee, acting managing director of the bauxite institute. "Other refiners have increased capacity and production marginally."

MARKET REPORT

Cocoa futures attract investment fund buying

London COCOA and COFFEE futures put in good performances in the afternoon.

The July robusta coffee contract had sunk to $1,852 a tonne in the morning. But a reasonably steady New York gave London support and prices advanced, the second month closing just $15 down on balance at $1,890.

Cocoa was continuing to benefit from a resurgence in interest in commodities generally, analysts said, attracting new investment fund buying. The July position was pushed to a high of £959 a tonne before the market backed off slightly to end £33 up at £954.

London Metal Exchange

COPPER prices settled back late in the afternoon, having earlier reached new highs for the current move, as yet another technical reaction set in.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1301-2	1328-9
Previous	1300.5-1.5	1328.5-9.5
High/low	-	1328/1325
AM Official	1300.5-1.0	1327-7.5
Kerb close		1326-7
Open int.	246,169	
Total daily turnover	40,832	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1300-5	1315-20
Previous	1315-20	1330-5
High/low	-	1320
AM Official	1305-15	1320-30
Kerb close		1315-20
Open int.	3,896	
Total daily turnover	805	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	461.5-2.5	478-9
Previous	465-6	482-3
High/low	462.5	481/477
AM Official	462-2.5	478-9
Kerb close		477-8
Open int.	35,455	
Total daily turnover	6,805	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5850-60	5930-40
Previous	5740-50	5820-5
High/low	5870/5865	5970/5800
AM Official	5870-2	5950-5
Kerb close		5925-30
Open int.	58,135	
Total daily turnover	8,246	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5380-5	5440-5
Previous	5380-90	5440-50
High/low	-	5445/5415
AM Official	5830-5	5440-5
Kerb close		5430-5
Open int.	18,742	
Total daily turnover	4,074	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	950-1	971-2
Previous	948.5-7.5	969-9.5
High/low	-	976/967
AM Official	950-0.5	972-2.5
Kerb close		969-70
Open int.	102,876	
Total daily turnover	17,001	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2121-3	2118-9
Previous	2109-11	2109-10
High/low	2122/2121	2129/2098
AM Official	2122-3	2121-2
Kerb close		2101-2
Open int.	194,546	
Total daily turnover	85,917	

■ LME AM Official £/$ rate: 1.4998
LME Closing £/$ rate: 1.4995

Spot:1.5003 3 mths:1.4995 6 mths:1.4999 9 mths:1.5008

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
May	98.30	-0.15	99.00	97.60	2,978	3
Jun	98.20	+0.10	98.20	98.10	1,073	11
Jul	98.10	+0.10	98.90	97.00	42,308	224
Aug	97.55	+0.05	-	-	437	2
Sep	97.00	-	97.75	98.55	8,282	21
Oct	96.65	-	-	-	202	-
Total					62,248	795

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	378.80-379.20	
Opening	382.00-382.40	
Morning fix	382.15	256.107
Afternoon fix	379.25	253.255
Day's High	382.00-382.40	
Day's Low	377.80-378.20	
Previous close	382.70-383.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.07 6 months 4.62
2 months ....4.22 12 months 5.07
3 months 4.34

Silver Fix	p/troy oz.	US cts equiv.
Spot	358.70	540.25
3 months	364.15	546.60
6 months	368.60	553.35
1 year	380.35	570.90

Gold Coins	$ price	£ equiv.
Krugerrand	387-390	259-262
Maple Leaf	392.25-394.75	-
New Sovereign	89-92	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
May	379.9	-1.9	-	-	-	-
Jun	380.6	-1.9	382.0	378.4	75,886	38,687
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US gals.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	113.15	-	113.00	112.20	210	53
Jun	113.00	+0.10	113.00	112.25	951	127
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	1393	-2	-	-	46	-
Total					2,696	118

	Close	Prev
BFI	1491	1465

WOOL

Wool offerings in the closing weeks of the Australian selling season are normally low and this week auctions were held on only two instead of the normal three days. Prices moved sharply ahead for finer merinos, and the market indicator rose above the 600 cent mark which many feel provides the prospect of economic production for most wool growers. The Wool International market indicator was 603 cents at the close, compared with 587 a week before. Currency developments have tended to underline the rise in wool costs in most wool using countries in the past week or so. Recognition of a rising price trend for wool is obvious among those trading near to the raw wool end of the trade, but manufacturers and retailers are proving more difficult to convince that high prices must now be paid.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	920	+34	-	-	105	-
Jul	955	+34	959	946	20,941	4,143
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
[illegible]	[illegible]	[illegible]

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
[illegible]	[illegible]	[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	76.17	-0.93	76.10	75.17	821	61
Total					53,261	11,184

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	91.05	-1.30	92.40	90.75	385	95
Jul	93.65	-0.95	95.60	92.90	13,794	924
Sep	95.40	-1.20	97.40	95.00	2,582	320
Nov	97.25	-1.25	99.20	96.25	1,236	30
Jan	98.55	-0.95	100.40	97.70	2,178	30
Mar	100.25	-1.35	100.25	99.75	741	7
Total					20,921	1,411

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

May 12	May 11	month ago	year ago
1911.8	1909.7	1805.2	1671.2

■ CRB Futures (Base: 4/9/56=100)

May 11	May 10	month ago	year ago
226.78	224.94	222.60	-

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	65.125	0.825	65.150	65.075	27,103	6,676
Aug	67.450	0.800	68.350	67.325	17,604	3,278
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	44.750	0.250	45.000	44.700	2,557	80
Feb	44.825	0.250	45.075	44.775	540	45
Total					31,254	8,348

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	46.325	1.325	47.650	46.325	321	98
Jul	45.975	0.800	47.000	45.800	5,747	1,584
Aug	43.925	0.975	45.200	43.850	1,636	473
Feb	51.800	0	51.800	51.050	250	43
Mar	50.525	+.725	51.500	50.525	22	2
May	52.400	0.050	52.400	52.100	13	2
Total					7,991	2,188

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jul	Oct	Jul	Oct
1250	78	114	10	19
1300	44	79	26	37
1350	22	53	52	60
■ COPPER (Grade A) LME	**Jul**	**Oct**	**Jul**	**Oct**
2050	83	98	38	69
2100	56	74	61	94
2150	36	54	91	123
■ COFFEE LCE	**Jul**	**Sep**	**Jul**	**Sep**
1500	391	361	1	16
1550	343	319	3	24
1600	296	279	6	34
■ COCOA LCE	**Jul**	**Sep**	**Jul**	**Sep**
875	85	111	5	12
900	64	92	9	19
925	46	76	16	27
■ BRENT CRUDE IPE	**Jun**	**Jul**	**Jun**	**Jul**
1550	-	70	2	26
1600	3	51	1	50
1650	-	27	-	82

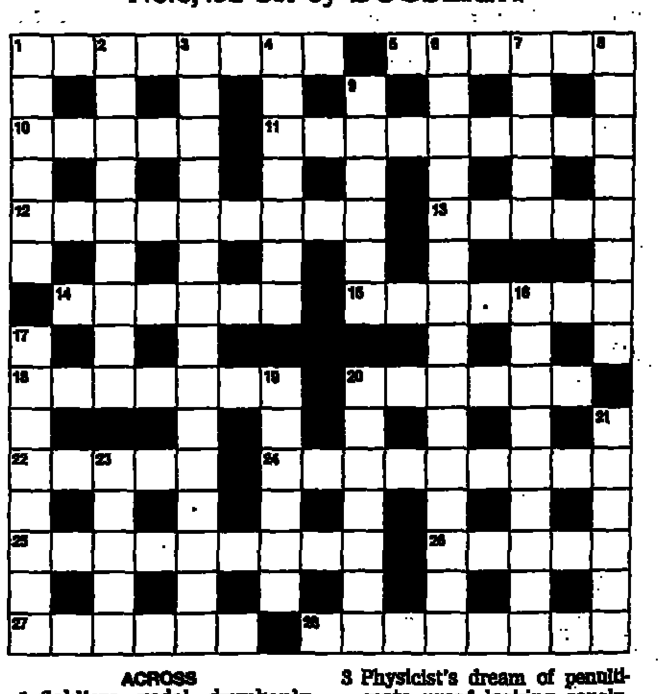
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)		+or-
Dubai	$14.66-4.82y	+0.14
Brent Blend (dated)	$16.24-6.26	+0.13
Brent Blend (Jun)	$16.24-6.28	+0.20
W.T.I. (1pm est)	$18.02-8.05y	+0.285
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$179-181	
Gas Oil	$152-154	+1
Heavy Fuel Oil	$83-85	+1
Naphtha	$164-156	
Jet Fuel	$166-167	+0.5
Petroleum Argus Estimates		
■ OTHER		
Gold (per troy oz)♣	$379.00	-3.90
Silver (per troy oz)♣	533.50c	-12.00
Platinum (per troy oz.)	$396.75	+3.25
Palladium (per troy oz.)	$136.50	+1.00
Copper (US prod.)	103.00c	+2.00
Lead (US prod.)	36.13c	
Tin (Kuala Lumpur)	14.08r	-0.12
Tin (New York)	249.50c	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	126.87p	+0.41*
Sheep (live weight)†♠	144.53p	-7.45*
Pigs (live weight)	82.89p	+5.04*
Lon. day sugar (raw)	$295.00	+8.80
Lon. day sugar (wte)	$345.50	+4.00
Tate & Lyle export	£309.00	+5.00
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	$138.50	
Wheat (US Dark North)	£180.0x	
Rubber (Jun)♥	72.00p	
Rubber (Jul)♥	72.25p	
Rubber(KL RSS No1 Jun)	268.50m	-0.50
Coconut Oil (Phil)§	Unq.	
Palm Oil (Malay.)§	$482.5y	+5.00
Copra (Phil)§	$371.0	
Soyabeans (US)	£193.0y	
Cotton Outlook A Index	85.70c	-0.10
Wooltops (64s Super)	422p	+20

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Jul/Aug. y Jun. w May. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,452 Set by DOGBERRY



ACROSS

1 Soldiers yodel drunkenly round piano – shift them! (8)
5 Jump into fountain (6)
10 Failure, after reflection, almost marketed anew (5)
11 Starting smoking, gets lungful of cigarette end – such language! (9)
12 Intellectually outstanding little volume on mountain (9)
13 Mortal mother seized by barbarian (5)
14 Article interrupting pretty unsuccessful tide-turner (6)
15 Glowing with passion, rejected god (7)
18 It's tough to build mould-breaking house first (7)
20 Ill-humoured about Pole's solo line (6)
22 Revolutionary embraces companion, though anything but soft (5)
24 Profane creeds restored pagan goddess (9)
25 Puritan of 101 accepts Alvin Stardust's origins (9)
26 Back-to-back footballer receiving kiss at bar (5)
27 Twice elected, Lloyd George initially holds the edge (6)
28 Many let into nonconformist's secret (8)

DOWN

1 Widow Twanky's beginning to pursue what's left (6)
2 Wild man from some French gallery bearing east (9)
3 Physicist's dream of penultimate proof lacking conclusion (9,6)
4 Lewd individual grabbing bachelor with energy (7)
6 Exercise hurt novelist making study about English complexion (7,3,5)
7 Senile umpire producing food processor (5)
8 Parasite naively consuming fish-head (8)
9 Drive home to get one love out of the way (6)
16 Special welcome for Cleveland town's darling (3,6)
17 Scientific product of male chic (8)
19 City doctor bisecting girl (6)
20 Voiceless group introduced to old music-maker (7)
21 Poet's horse, rearing, swallows measure (6)
23 Stop inner tube (5)

Solution 8,451

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Firm close to another volatile trading session

By Terry Byland,
UK Stock Market Editor

The Ascension Day closure of nearly all continental European markets left London to make the first response to two significant developments in the US bond markets; their reaction to Wednesday's auction of Federal securities, and to important economic data announced yesterday. UK stocks followed the US lead closely. They fell initially on overnight weakness in New York bonds and equities. But they rallied strongly in the afternoon when unexpected falls in US producer prices and retail sales appeared to ease pressures for a tightening of Federal Reserve credit policy.

The Footsie maintained its recent record for volatility, dipping 25.2 before recovering when it approached the 3,100 mark, and moving into positive territory towards the close. The final reading put the FT-SE 100 Index at 3,137.8 for a net gain of 7.3.

There was little response to the death of Mr John Smith, leader of the opposition Labour party in the UK.

UK shares opened sharply lower in the wake of the setback overnight in both US Federal bonds and the Dow Average which, in turn, reacted to the bond auction in New York on Tuesday. With no effective guidance on bond prices from elsewhere in Europe, London stocks followed early losses in UK gilt-edged securities.

Attempts were made to rally following the announcement of a UK global trade deficit of £730m for February, slightly better than expected. But this had little effect and the Footsie was down to 3,105.3 before it steadied.

Account Dealing Dates		
*First Dealings:		
Apr 25	May 16	Jun 6
Option Declarations:		
May 12	Jun 2	Jun 16
Last Dealings:		
May 13	Jun 3	Jun 17
Account Day:		
May 23	Jun 13	Jun 27

*New time dealings may take place from two business days earlier.

There was little recovery until, at the New York opening, the favourable US economic statistics flashed across the trading screens. UK stocks quickly extended their recovery and, with the Dow Average 26 points up in UK hours, London closed very near the best of the day.

Analysts were impressed to see the market bounce convincingly again in the Footsie 3,100 area. Some institutional interest was seen and the session reaffirmed the underlying resilience of UK equities at current levels. The volatility of the Footsie suggested that buyers were never far away.

Some argued that recent intervention to support the dollar, as well as Wednesday's rate cuts in Europe, had "opened the door" for the Federal Reserve to tighten credit and markets would welcome such a move.

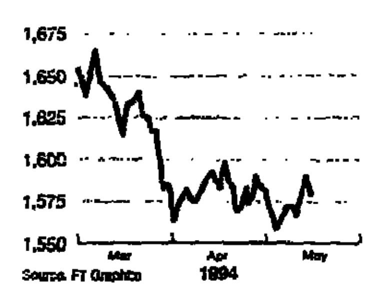
Mr Edmond Warner at Kleinwort Benson Securities said a "substantial increase" in the Federal Funds rate might spark the bond rally which remains critical for the health of UK equities.

Second-line stocks followed the blue chips although at a slight distance. The FT-SE Mid 250 Index finished 0.1 off at 3,742.4. Seaq volume of 722.5m shares was restrained by the lack of business from other European financial centres. Wednesday's 744.3m shares through the Seaq network was worth £1.4bn at retail level.

Company results provided some features but gave no guide to the market overall. The trading statement from Royal Insurance reaffirmed the improvement in insurance in the UK and also the effects of the storms and bad weather in California.

Today, London is likely to be poised, together with other European markets, for the US consumer price statistics, which will provide the latest test of confidence in near term prospects for US interest rates.

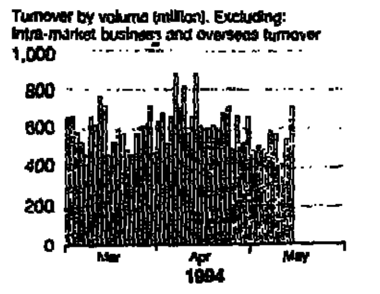
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE 100	3137.8	+7.3	FT Ordinary Index	2494.1	+2.3
FT-SE Mid 250	3742.4	-0.1	FT-SE-A Non Fins p/e	20.41	(20.45)
FT-SE-A 350	1589.3	+2.8	FT-SE 100 Fut Jun	3151.0	+18.0
FT-SE-A All-Share	1580.45	+2.40	10 yr Gilt yield	8.26	(8.30)
FT-SE-A All-Share yield	3.68	(3.68)	Long gilt/equity yld ratio:	2.30	(2.30)

Best performing sectors		Worst performing sectors	
1 Water	+3.5	1 Spirits, Wines & Cider	-1.8
2 Electricity	+1.6	2 Printing, Paper & Pckg	-1.0
3 Utilities	+1.4	3 Insurance	-1.0
4 Household Goods	+1.0	4 Oil Exploration & Prod	-0.8
5 Electronics	+1.0	5 Other Services & Bsns	-0.7

GrandMet falls on £40m hit

Food and drinks group Grand Metropolitan stood out as the chief casualty among leading stocks in London as the market reacted nervously to a shock £40m charge included in trading figures announced yesterday.

The results were in line with most estimates but the group reported lower stock levels at its IDV unit in the US.

However, most sector specialists remained enthusiastic on the group's end-of-year figures, saying these would be helped by an unexpectedly low tax charge and a boost in profits from the Burger King subsidiary. Ms Michelle Proud of NatWest Securities summed up the general feeling: "There was a lot of good news but the bad news hit everyone for six."

Analysts' forecasts were cut accordingly, although earnings per share estimates were maintained and in some cases lifted slightly. Kleinwort Benson moved to £959m for the current year from £979m but kept its earnings estimate to 31.9p. SGST dropped by £40m to £950m but raised the eps figure a penny to 3.2p. UBS held steady at £995m and raised its earnings to 33.4p, while NatWest Securities moved to £940m and 32p of earnings.

GrandMet slid sharply to close 26 lower at 457p on exceptionally heavy turnover of 11m. Dealers said there was heavy switching into Guinness, which improved 5 to 498p.

BT supported

The significant underperformance of BT shares over the past six months was highlighted by a number of broking houses, including Kleinwort Benson, which removed BT from its sell list for the first time since early 1993. Further support for the shares came as BZW reiterated its buy stance.

These investment notes saw BT shares bounce off their lowest level since October 1992, to close a net 7½ firmer at 368½. BT partly-paid stock added a similar amount at 250½p.

BZW said the major trigger for BT's underperformance has been the sell-off in US bonds and high yielding stocks. The investment bank said that, once the full-year figures, due on May 19, are out of the way, it hopes that a return to relative stability in the bond markets may allow a review of the stock's fundamentals.

Kleinwort said BT's underperformance reflected investor concerns of increasing competition, especially from cable operators.

BZW expects BT to achieve preliminary pre-tax profits of £2.76bn and a dividend total of 16.8p, while Kleinwort is going for profits of £2.75bn and a dividend total of 16.7p.

Food retailers busy

Leading food stocks were heavily traded as they received long-term support from S.G. Warburg, which announced a £202m warrant issue, representing a basket of shares in Tesco, J. Sainsbury, Argyll and William Morrison Supermarkets.

The 20m warrants involved give investors the option to receive the cash value of the shares at any time between now and November next year. They provide a geared play into a sector which Warburg believes is "severely undervalued."

Sainsbury, which Warburg sees as the pick of the four, added a half at 389½p, Argyll and Morrison picked up a penny apiece to 253p and 126p but Tesco shed 2 to 233½p.

The progress report from Rank Organisation was given a cool response by the market where Rank shares, trading at 424p immediately the report was announced, fell away to close 15 weaker at 403p after good turnover of 3.6m shares.

The slide in Rank shares was said to have been largely triggered by a BZW profits downgrade. The broker chopped its current year profits forecast by £10m to £322m, pre-exceptional items. Mr Peter Hilliar, leisure specialist at BZW, said the broker had shifted its stance on Rank from buy to hold principally because of the stock's strong performance in recent months.

There was more heavy activity in Lasmo shares following persistent stories that a cash alternative to Enterprise Oil's all-paper offer is now imminent. Any new bid will have to be pitched around the 160p level, dealers said.

Analysts insisted, however, that Enterprise would not take any action until Lasmo's defence document is published. The document, which has to be made public by Monday under the takeover code, is expected this morning. Lasmo shares, helped by news of an oil discovery in Algeria, edged up 2 to 156p in turnover of 10m.

Enterprise Oil shares, on the other hand, came under sustained selling pressure, sliding to 425p before settling a net 11 off at 429p. Mercury Asset Management, of the the UK's leading institutions, revealed it had sold a block of 206,000 shares, and there were hints of US selling of Enterprise after the visit to US institutions by Mr Graham Hearn, Enterprise's chairman and chief executive.

The gas discovery in Pakistan helped British Gas edge up 1¼ to 298¼p but had a much greater impact on Tullow Oil, which has 15 per cent stake in the find. Tullow shares jumped 4 to 31½p with 6.1m shares changing hands.

An S.G. Warburg Securities buy note helped to lift National Power by 14 to 430p and PowerGen by 5 to 464p.

A badly handled selling order unsettled Sun Alliance which dropped 12 to 321p on 3.6m traded.

Media conglomerate and Financial Times owner Pearson improved 18 to 678p ahead of the company's annual meeting today. Publisher Euromoney leapt 125p to 1825p as the half-year figures jumped to £9m from 5.9m previously. The company also announced it was raising £20m through a 1.2m share placing.

Metal Bulletin rose 10 to 460p as it was announced that magazine publisher Emap had increased its stake to 20.59 per cent. Emap fell 7 to 378p.

Defence and industrial giant British Aerospace, broke through the 500p barrier to close 11 ahead at 510p, after a positive two day analysts visit to the group's defence operations.

Mr Chris Avery at Paribas, who went on the tour has put the stock on his buy list and said: "BAe's defence business show near-term stability and long term potential, despite declining world spending on equipment." Volume was 5.2m.

Negative whispers about Siebe's accounting policies resurfaced and hit the shares leaving them trailing 11 to 569p after trade of 3.8m. The group reports figures next month.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Joel Kibazo.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (31).
BANKS (3) Mitsubishi Tst. & Bkg., Sumitomo Tst. & Bkg., Tokai, BREWERIES (1) Hall (J), BUILDING & CNSTRN (2) Brandon Hire, Spandex, BLDG MATLS & MCHTS (3) Epwin, Hewetson, Johnston, DISTRIBUTORS (1) Brammer, DIVERSIFIED INDLS (1) Fletcher Challenge, ELECTRNC & ELECT EQUP (3) Control Tech., MTL Instr., ENGINEERING (5) Chamberlin & Hill, Cohen (A), Domnick Hunter, Excalibur, Molins, EXTRACTIVE INDS (2) Mallgro Minerals, Stillontain, FOOD MANUF (1) Moran, HEALTH CARE (1) Baxter Intl., INVESTMENT COMPANIES (1) MEDIA (2) Euromoney Pubs., Metal Bulletin, OIL EXPLORATION & PROD (1) RETAILERS, FOOD (2) Greggs, Morrison (W) 5¼pc Prf., RETAILERS, GENERAL (1) French Connection, SUPPORT SERVS (1) Harvest Whiting, TRANSPORT (1) Jacobs (J).
NEW LOWS (155).
GILTS (2) BANKS (1) Abbey Natl., BUILDING & CNSTRN (8) AMEC, Do 6.5p Prf., Barcom, Barratt Dev., Beazer Homes, Countryside Props., Prowting, Wilson Bowden, BLDG MATLS & MCHTS (10) DISTRIBUTORS (3) Central Motor Auctions, Enterprise Comp., Hams (P), DIVERSIFIED INDLS (2) ELECTRNC & ELECT EQUP (4) Graseby, Johnson, Molynx, Vesty, ENGINEERING (3) Aerospace, Dobson Park, Hunting 8½pc Prf., ENG, VEHICLES (1) Ingham, EXTRACTIVE INDS (3) Montague, Nuginl, Western Deep, FOOD MANUF (4) Acatos & Hutcheson, Cranswick, Nestlé, Pokphand (CP), HEALTH CARE (2) Haemocell, Incarcare, HOUSEHOLD GOODS (3) Creighton Naturally, Le Creuset, Silentnight, INSURANCE (6) INVESTMENT TRUSTS (22) INVESTMENT COMPANIES (7) LEISURE & HOTELS (1) Buckingham Intl., LIFE ASSURANCE (1) MEDIA (1) EMAP, MERCHANT BANKS (1) OIL EXPLORATION & PROD (3) OTHER FINANCIAL (5) OTHER SERVS & BUSNS (3) Plantsbrook, Porth, Waste Management, PHARMACEUTICALS (2) Hafslund Nycomed B, Do A, PRTNG, PAPER & PACKG (4) AG, Field, NMC 7¼pc Prf., Plysu, PROPERTY (11) RETAILERS, FOOD (2) Brake Bros., Tesco Capital 9pc Bd. 2005, RETAILERS, GENERAL (4) Christies Intl., Lloyds Chemists, Sothebys A, Wyevale Garden Centres, SUPPORT SERVS (3), TELECOMMUNICATIONS (1) Security Servs., TEXTILES & APPAREL (1) Shiloh, TOBACCO (1) BAT, TRANSPORT (5), WATER (2) AMERICANS (5) CANADIANS (10)

EQUITY FUTURES AND OPTIONS TRADING

The sharp advance in US bonds helped to enliven an otherwise dull derivatives sector in London, writes *Joel Kibazo*.

In futures, the June contract on the FT-SE 100 opened at 3,121. With no lead to follow due to the Ascension Day closure of other European markets, the contract languished over the next few hours, trading in a tight 13-point range.

That situation changed over the lunchtime period with the release of US sales and prices data which traders interpreted as reducing the chances of an increase in US interest rates. The consequent rise in US treasuries and the firm opening on Wall Street also boosted sentiment, and June moved strongly ahead, pulling the underlying cash market higher.

The day's peak of 3,151 was seen in the last half an hour preceding the official close and before a bout of profit-taking saw the contract come off the top to finish at 3,151, up 18 from its previous close and around 10 points ahead of its fair value premium to cash of about 3 points. Volume was 13,354 lots.

Traded options were quiet, a mere 23,163 contracts having been dealt by the close. Among the index options, the FT-SE 100 option traded 9,089 lots and the Euro FT-SE 1,019. Bid target Lasmo stood out among the stock options with a day's total of 3,432 lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3121.0	3151.0	+18.0	3158.0	3110.0	13354	52203
Sep	3145.5	3167.0	+18.0	3145.5	3145.5	7	1421
Dec	-	3176.0	+18.0	-	-	0	201

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3740.0	3753.0	+3.0	3745.0	3735.0	46	3578

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
June		3755.0					891

All open interest figures are for previous day. † Exact volume shown.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	5,200	57½	-1½
Abbey National†	6,600	403	-8
Albert Fisher	5,300	57	
Allied-Lyons†	1,600	584	-4
Anglian Water	571	477	+18
Argos	822	358½	+½
Argyll Group†	6,900	253	+1
Arjo Wiggins†	3,600	298½	-4½
Assoc. Brit. Foods†	414	580	+1
Assoc. Brit. Ports	479	250	+3
BAA†	493	978	+6
BAT Inds.†	4,500	440	+4
BET	5,500	127	+2
BICC	3,000	446	-8
BOC†	526	687	+4
BP†	10,000	404	-1
BPB Inds.	3,200	310	+8
BT†	6,600	368½	+7
BT (P/Paid)	9,700	250½	+7½

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	46	16	11
Other Fixed Interest	7	1	7
Mineral Extraction	51	69	81
General Manufacturers	89	220	358
Consumer Goods	27	55	110
Services	66	128	322
Utilities	30	6	8
Financials	45	138	195
Investment Trusts	35	107	329
Others	14	75	43
Totals	410	817	1464

TRADITIONAL OPTIONS

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

FT GOLD MINES INDEX

FT - SE Actuaries Share Indices — The UK Series

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON SHARE SERVICE

BANKS

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 High	1994 Low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	112½	-½	119½	89	-	109.2	-2.9
Warrants	□	70	-1	89	47	-	-	-
Personal Assets	†	£85xd	-½	£94	£85¼	2.7	8534.9	-4.1
Pilot Inv.	□	143½	—	153	125½	0.4	138.6	-3.4
Warrants	□	60	—	69	44	-	-	-
C	□	108	+½	117	102	-	108.7	0.8
Piper Euro Smlr	□	95	—	95	91	-	95.2	0.2
Warrants	□	34	—	35	33	-	-	-
Primadona		276	—	283	267	2.8	321.6	15.0
Ptarmigan Int	□	230	-3	278	230	0.4	247.6	7.1
Warrants		85	—	140	85	-	-	-
RIT Capital	□	175	-1	188	170	0.8	215.7	18.9
2½pc Cv Ln 2000		£173½	—	£186½	£170½	1.4	-	-
Radiotrust	□	65	—	88	76	-	75.3	-11.4
Rights & Iss Inc		155	—	164	153	7.0	-	-
Cap		483	—	535	440	2.1	547.0	11.7
Riv & Merc Am Inc	N	111xd	—	121	111	8.8	-	-
Cap	□	34	—	38	31½	-	44.0	22.7
Warrants		14	—	17	13	-	-	-
Riv & Mer Ext	N□	121xd	—	147	121	8.1	121.1	0.1
Warrants		29	—	49	29	-	-	-
Zero Div Pf		112	—	118½	112	-	-	-
Riv & Mer Geared		92xd	-1	116	93	9.5	-	-
Prfd Cap 1999		28	—	35	28	-	36.7	29.2
Riv & Merc Smlr	N□	145	-1	170	142	3.4	146.7	1.2
Warrants		62	-1	77	47	-	-	-
Riv & Merc Tst Inc	N□	118	—	127	114	9.7	-	-
Cap	□	129	—	150	122	-	204.0	36.8
Warrants		33	—	40	32	-	-	-
Do. Stppd Prf	N	153	—	163	159	4.6	-	-
River Plate Inc	N□	108	-1	113	106	10.3	-	-
Cap	□	93	—	118	93	-	157.3	40.9
Warrants		4½	—	11	4½	-	-	-
Zero Div Pf		83¾	—	85¾	83¾	-	-	-
St Andrew	N	327	—	343	290	3.0	330.7	1.1
St David's Inc	N	140	—	142	124	13.2	-	-
Cap		185	—	223	184	-	284.6	35.0
Zero Prf		144½	—	151½	143½	-	-	-
Saracen Value	□	92	—	98	89	-	96.4	4.8

LEISURE & HOTELS - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

MERCHANT BANKS

PRINTING, PAPER & PACKAGING

OIL EXPLORATION & PRODUCTION

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

PROPERTY

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

	Notes	Price	+ or -	1994 High	1994 Low	Mkt Cap£m	Yld Gr's	P/E
TVX Gold	♥	404p	-10	473½p	352½p	608.3	-	
Toronto-Dom		9⅝	-⅛	11¼	9⅝	2,940	4.2	
Trans Can Pipe	♥	8⅞	-⅛	10⅞	8⅞	1,478	5.0	

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 High	1994 Low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£28½	—	£28½	£13½	1,692	2.8	19.4
Barlow		25½	—	£5⅛	£3⅞	1,080	5.9	10.0
Gold Flds Prop R		92	—	105	76	9.41	10.8	8.2
NK Props.	s	98	—	95	87	3.52	9.9	37.0
SASOL	♥	344	—	382	280	1,949	4.5	-
SA Brews		£14⅝	—	£15⅞	£10	7,724	1.9	23.6
Tiger Oats	†	744	—	838	538	1,117	2.1	15.6
Tongaat-Hulett	†	638	—	638	434	477.5	2.3	17.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ▪ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✢ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ✝ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimate for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1295 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd (1200)F
33 Queen Street, London EC4R 1AX 071-248 3000

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT

Woolwich Unit Trust Managers Ltd (1700)H

Abbey National Life Plc
287 St Vincent Street, Glasgow 041 305 6000

Acuma Life Assurance Ltd
42 Southwark Bridge Road, London SE1 9HE 071 990 3433

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Amicable - Contd.

Scottish Equitable plc

28 St Andrew Sq, Edinburgh 031-556 9101

Scottish Life Investments

19 St Andrew Square, Edinburgh 031-225 2211

Sun Alliance Group - Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Better day for sterling

Sterling rose on the foreign exchanges yesterday, helped by a better than expected set of trade figures, *writes Philip Gawith.*

The sterling index finished in London at 80.1, up from 79.6 on Wednesday, with the pound closing nearly one and a half pfennigs higher at DM2.5052 from DM2.4911 against the D-Mark. It also closed more than a cent up against the dollar, at $1.4994 from $1.4886.

Traders had anticipated a quiet day, with most European markets closed for the Ascension day holiday, but there was a lot of business in sterling, the dollar and the yen.

The dollar survived a weaker than anticipated set of economic figures, with the market wary of selling against possible central bank intervention. It was also helped by the revival in the US bond market.

In Europe the D-Mark finished weaker against most currencies, closing in London at L956.5, from L957.8, against the Italian lira.

■ Sterling was the focus of early activity when a better than expected set of February trade data gave the currency a boost. The headline figure of a trade deficit of £731m was well below the median forecast of a $1.1bn deficit.

The key figure, however, said Mr Nick Parsons, treasury economist at CIBC, was the fact that the revision to the 1993 UK global trade deficit was much smaller than the market had feared. The deficit was revised up to £13.7bn from £13.4bn, but this was a far cry from the £2-3bn upward revision expected by some.

These figures gave sterling its initial boost, and the later confirmation of the Labour Party leader's death gave the UK currency further momentum.

Mr David Barrett, trader at Natwest Markets, said one of the reasons sterling had risen after the trade figures was that the market had been short going into the figures, and short positions had been squeezed. Stop loss buying when it rose above DM2.50 had also helped.

Mr Parsons said there were three reasons why the market had seen Mr Smith's death as being good for sterling. First, "it takes the Tory party off the front pages. That has to be good for the currency." Second, the focus would now swing to possible divisions in the Opposition.

Finally, his death meant that a leadership challenge in the Tory party from Mr Michael Heseltine, seen as the most potent challenger to prime minister Mr John Major, was now much less likely. Like Mr Smith, Mr Heseltine has also previously had a heart attack.

Mr Stephen Yorke, political analyst at Chase Manhattan, raised the prospect that if the Labour Party moved quickly enough to appoint a new leader before the June 9 European elections, the combination of a sympathy vote and a honeymoon period could boost its vote significantly.

What this would mean for sterling is unclear. Recently there has been market speculation that Mr Major's departure - a possibility, if the Tories do very badly in the elections - would actually be welcomed by the market. On the other hand, Mr Yorke notes, "If international investors start pricing in a Labour government, then sterling will certainly fall."

■ The dollar received an initial fillip from the release of inflation, retail sales and joblessness data, all weaker than anticipated. These helped the US bond market, and the dollar rallied on its coat-tails, continuing the parallel trading of the two markets evident in recent weeks.

This helped push the dollar to a high for the day of DM1.6740, but it later fell back to close in London at DM1.6708 from DM1.6735 on Wednesday.

Against the yen, the dollar was little changed at Y104.505 from Y104.470. Mr Barritt said there had been a lot of yen sales, particularly for D-Marks. "There is a growing perception that the US administration does not want the strong yen to continue," he said.

Mr Tsutomu Hata, the Japanese prime minister, added his voice yesterday saying that "the current rapid currency moves cannot be justified by economic fundamentals."

Although the figures were weaker than expected, Mr Parsons said: "The market is wary of selling dollars on the back of weak numbers. It is concerned that if you try and take the dollar lower, it could be met by central bank intervention."

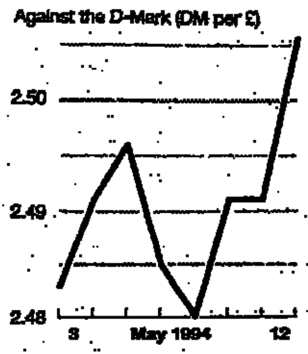
Mr Parsons judged that the central banks had done an "exceptionally good job of changing sentiment." He would not go so far as to say the dollar's troubles were over, but "they have at least succeeded in making it a two-way bet. The market is reluctant to open short dollar positions."

■ In the futures market, the short sterling contracts continued their recovery, with the December contract closing nine basis points firmer at 93.93. The December euromark contract closed unchanged at 95.24, a recovery of 30 basis points over the past week from a low of 94.92.

In the UK money markets, the Bank of England provided late assistance of £115m after forecasting a very small shortage of £150m. The overnight rate moved in the 4-5⅜ per cent range. The German money market was closed.

Sterling

Against the D-Mark (DM per £)



Source: FT Graphite

■ **Pound in New York**

May 12	—Latest—	— Prev. close —
£ spot	1.5000	1.4940
1 mth	1.4993	1.4865
3 mth	1.4982	1.4930
1 yr	1.5004	1.4940

■ **OTHER CURRENCIES**

May 12	£	$
Hungary	154.247 - 154.404	102.900 - 102.950
Iran	2602.00 - 2606.00	1748.00 - 1750.00
Kuwait	0.4464 - 0.4478	0.2978 - 0.2988
Poland	33675.0 - 33752.9	22465.0 - 22505.0
Russia	2797.88 - 2809.88	1866.00 - 1874.00
U.A.E.	5.5050 - 5.6162	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

May 12		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.6742	+0.1279	657 - 826	17.8826	17.6657	17.6704	0.3	17.6648	0.2	-	-	113.6
Belgium	(BFr)	51.5494	+0.2242	056 - 931	51.6406	51.2308	51.5444	0.1	51.5744	-0.2	51.3744	0.3	115.0
Denmark	(DKr)	9.7977	+0.0526	927 - 027	9.8080	9.7349	9.8053	-0.9	9.8135	-0.6	9.8309	-0.3	115.0
Finland	(FM)	8.1380	+0.0443	283 - 477	8.1510	8.0880	-	-	-	-	-	-	81.8
France	(FFr)	8.5997	+0.0454	855 - 939	8.6047	8.5392	8.5955	-0.8	8.6011	-0.5	8.5661	0.3	107.5
Germany	(DM)	2.5052	+0.0141	041 - 062	2.5105	2.4885	2.5059	-0.3	2.5054	0.0	2.4854	0.8	123.2
Greece	(Dr)	369.678	+1.932	354 - 001	370.366	367.849	-	-	-	-	-	-	-
Ireland	(I£)	1.0264	+0.003	252 - 276	1.0285	1.0224	1.027	-0.8	1.0283	-0.7	1.0303	-0.4	103.8
Italy	(L)	2395.74	+9.59	436 - 713	2402.05	2384.37	2402.19	-3.2	2411.89	-2.7	2443.29	-2.0	78.6
Luxembourg	(LFr)	51.5494	+0.2242	056 - 931	51.6406	51.2308	51.5444	0.1	51.5744	-0.2	51.3744	0.3	115.0
Netherlands	(Fl)	2.8103	+0.0136	088 - 118	2.8157	2.7931	2.8099	0.2	2.8096	0.1	2.7867	0.8	118.7
Norway	(NKr)	10.8543	+0.054	499 - 587	10.8710	10.7916	10.8487	0.6	10.8612	-0.3	10.8524	0.0	86.0
Portugal	(Es)	258.422	+0.679	128 - 716	258.848	255.507	259.397	-4.5	261.342	-4.5	-	-	-
Spain	(Pta)	205.617	+0.986	487 - 747	206.909	205.419	207.122	-2.9	208.037	-2.7	210.837	-2.0	84.6
Sweden	(SKr)	11.6207	+0.0784	120 - 294	11.6359	11.5452	11.6422	-2.2	11.6727	-1.8	11.7617	-1.2	77.0
Switzerland	(SFr)	2.1446	+0.0177	436 - 455	2.1488	2.1261	2.1427	1.0	2.1381	1.2	2.1066	1.9	116.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.1
Ecu	-	1.2982	+0.0047	975 - 988	1.3015	1.2915	1.299	-0.7	1.2996	-0.4	1.2954	0.2	-
SDR†	-	0.915324	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4985	+0.0106	980 - 989	1.5020	1.4932	-	-	-	-	-	-	-
Brazil	(Cr)	2262.31	+53.48	169 - 293	2264.00	2216.00	-	-	-	-	-	-	-
Canada	(C$)	2.0736	+0.0247	727 - 745	2.0757	2.0625	2.0753	-1.0	2.0803	-1.3	2.1016	-1.4	86.9
Mexico	(New Peso)	4.9765	+0.0241	677 - 853	4.9853	4.9644	-	-	-	-	-	-	-
USA	($)	1.4994	+0.0106	990 - 998	1.5025	1.4935	1.4987	0.6	1.4985	0.2	1.4984	0.1	65.7
Pacific/Middle East/Africa													
Australia	(A$)	2.0827	+0.0222	814 - 839	2.0894	2.0703	2.0812	0.9	2.0788	0.7	2.0769	0.3	-
Hong Kong	(HK$)	11.5837	+0.0839	798 - 875	11.6080	11.5368	11.5707	1.3	11.5652	0.6	11.5162	0.6	-
India	(Rs)	47.0382	+0.3403	199 - 525	47.1300	46.8550	-	-	-	-	-	-	-
Japan	(Y)	156.695	+1.196	616 - 774	157.060	155.470	156.315	2.9	155.585	2.8	151.91	3.1	185.4
Malaysia	(M$)	3.9150	+0.0239	124 - 175	3.9245	3.8872	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5778	+0.0168	760 - 796	2.5821	2.5676	2.5807	-1.3	2.585	-1.1	2.5936	-0.6	-
Philippines	(Peso)	40.6713	+0.2943	730 - 696	40.8896	40.1841	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6230	+0.0405	213 - 247	5.6344	5.6012	-	-	-	-	-	-	-
Singapore	(S$)	2.3298	+0.0178	284 - 311	2.3341	2.3181	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.4601	+0.0395	549 - 653	5.4661	5.4355	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.1896	+0.0594	502 - 290	7.2290	7.1502	-	-	-	-	-	-	-
South Korea	(Won)	1207.92	+8.52	744 - 839	1210.28	1203.46	-	-	-	-	-	-	-
Taiwan	(T$)	40.2289	+0.3953	432 - 146	40.3145	39.8300	-	-	-	-	-	-	-
Thailand	(Bt)	37.8599	+0.2814	348 - 849	37.9080	37.6960	-	-	-	-	-	-	-

†SDR rate for May 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

May 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.7875	-	850 - 900	11.8300	11.7495	11.796	-0.9	11.7932	-0.2	11.7878	0.0	103.1
Belgium	(BFr)	34.3800	-0.1	600 - 000	34.4500	34.2750	34.41	-1.0	34.43	-0.6	34.295	0.2	104.5
Denmark	(DKr)	6.5344	-0.0123	328 - 360	6.5455	6.5098	6.5434	-1.7	6.5519	-1.1	6.5434	-0.1	103.7
Finland	(FM)	5.4275	-0.0098	225 - 325	5.4485	5.4025	5.429	-0.3	5.4295	-0.1	5.435	-0.1	76.7
France	(FFr)	5.7288	-0.0112	275 - 300	5.7410	5.7115	5.7355	-1.4	5.7407	-0.8	5.7165	0.2	104.0
Germany	(D)	1.6708	-0.0027	705 - 710	1.6742	1.6635	1.6721	-0.9	1.6719	-0.3	1.6565	0.9	104.8
Greece	(Dr)	246.550	-0.5	400 - 700	245.900	246.300	250.3	-18.3	257.675	-18.0	286.55	-16.2	69.9
Ireland	(I£)	1.4608	+0.0062	595 - 621	1.4647	1.4555	1.4583	2.1	1.4544	1.8	1.4463	1.0	-
Italy	(L)	1597.80	-5.2	730 - 830	1603.00	1595.75	1602.35	-3.4	1609.4	-2.9	1628.8	-1.9	79.0
Luxembourg	(LFr)	34.3800	-0.1	600 - 000	34.4500	34.2750	34.41	-1.0	34.43	-0.6	34.295	0.2	104.5
Netherlands	(Fl)	1.8743	-0.0045	738 - 748	1.8790	1.8687	1.8754	-0.7	1.8758	-0.3	1.8608	0.7	103.9
Norway	(NKr)	7.2391	-0.0165	381 - 401	7.2528	7.1993	7.2431	-0.7	7.2428	-0.2	7.2191	0.3	95.1
Portugal	(Es)	172.350	-0.8	200 - 500	172.600	170.550	173.585	-8.6	175.55	-7.4	180.55	-4.8	92.7
Spain	(Pta)	137.800	-0.355	750 - 850	138.000	137.450	138.225	-3.7	138.89	-3.2	140.775	-2.2	79.8
Sweden	(SKr)	7.7503	-0.0038	465 - 540	7.7650	7.7097	7.7683	-2.8	7.7913	-2.1	7.8553	-1.4	82.5
Switzerland	(SFr)	1.4303	+0.0014	300 - 305	1.4340	1.4225	1.4299	0.3	1.4275	0.8	1.4088	1.6	103.4
UK	(£)	1.4994	+0.0108	990 - 998	1.5025	1.4935	1.4987	0.6	1.4985	0.2	1.5004	-0.1	88.3
Ecu	-	1.1551	+0.0043	548 - 553	1.1574	1.1515	1.1536	1.5	1.1526	0.9	1.1541	0.1	-
SDR†	-	1.40806	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9994	-0.0002	993 - 994	0.9993	0.9994	-	-	-	-	-	-	-
Brazil	(Cr)	1508.81	+24.93	880 - 882	1508.82	1508.80	-	-	-	-	-	-	-
Canada	(C$)	1.3830	+0.0065	827 - 832	1.3842	1.3805	1.385	-1.7	1.3889	-1.7	1.4033	-1.5	83.7
Mexico	(New Peso)	3.3190	-0.008	140 - 240	3.3240	3.3140	3.32	-0.4	3.3218	-0.3	3.3292	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.5
Pacific/Middle East/Africa													
Australia	(A$)	1.3890	+0.0048	885 - 895	1.3947	1.3860	1.3902	-1.1	1.3949	-1.7	1.4055	-1.2	88.2
Hong Kong	(HK$)	7.7255	-	250 - 260	7.7260	7.7250	7.7285	-0.5	7.7345	-0.5	7.7592	-0.4	-
India	(Rs)	31.3700	-	675 - 725	31.3725	31.3675	31.435	-2.5	31.57	-2.6	-	-	-
Japan	(Y)	104.505	+0.035	480 - 530	104.800	104.020	104.3	2.4	103.85	2.5	101.36	3.0	146.3
Malaysia	(M$)	2.6110	-0.003	100 - 120	2.6196	2.6015	2.604	3.2	2.5885	3.4	2.651	-1.5	-
New Zealand	(NZ$)	1.7193	-0.0012	185 - 200	1.7265	1.7153	1.7206	-0.9	1.7251	-1.3	1.747	-1.6	-
Philippines	(Peso)	27.1250	-	000 - 500	27.2500	27.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-0.0001	500 - 503	3.7505	3.7500	3.7509	-0.2	3.7532	-0.3	3.7647	-0.4	-
Singapore	(S$)	1.5538	+0.0006	533 - 543	1.5543	1.5523	1.5532	0.5	1.5527	0.3	1.5513	0.2	-
S Africa (Com.)	(R)	3.6415	-	390 - 440	3.6440	3.6375	3.658	-5.4	3.684	-4.7	3.777	-3.7	-
S Africa (Fin.)	(R)	4.7950	+0.005	700 - 200	4.8200	4.7700	4.829	-8.5	4.889	-7.8	-	-	-
South Korea	(Won)	805.600	-0.15	500 - 700	806.100	805.500	808.6	-4.5	812.1	-3.2	830.6	-3.1	-
Taiwan	(T$)	26.8300	+0.07	800 - 800	26.8800	26.7200	26.8955	-2.9	26.926	-2.5	-	-	-
Thailand	(Bt)	25.2500	+0.005	400 - 600	25.2600	25.2300	25.33	-3.8	25.45	-3.2	25.97	-2.9	-

†SDR rate for May 11. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices May 11. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

May 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	10	19.00	16.66	4.859	1.990	4648	5.451	21.05	501.3	400.8	22.54	4.159	1.940	4.023	2.908	304.0	2.518
Denmark	(DKr)	52.62	10	8.767	2.557	1.047	2446	2.868	11.07	263.8	210.9	11.86	2.188	1.021	2.117	1.530	159.9	1.325
France	(FFr)	60.02	11.41	10	2.917	1.195	2790	3.272	12.63	300.8	240.5	13.53	2.496	1.164	2.415	1.745	182.4	1.511
Germany	(DM)	20.58	3.911	3.429	1	0.410	956.5	1.122	4.331	103.2	82.48	4.639	0.856	0.399	0.828	0.598	62.55	0.518
Ireland	(I£)	50.24	9.549	8.371	2.442	1	2335	2.739	10.58	251.9	201.4	11.33	2.090	0.975	2.021	1.461	152.7	1.265
Italy	(L)	2.152	0.409	0.358	0.105	0.043	100.	0.117	0.453	10.78	8.623	0.485	0.089	0.042	0.087	0.063	6.540	0.054
Netherlands	(Fl)	18.35	3.486	3.057	0.891	0.365	852.7	1	3.861	91.96	73.52	4.135	0.763	0.356	0.738	0.533	55.77	0.462
Norway	(NKr)	47.51	9.029	7.916	2.309	0.946	2208	2.590	10	238.2	190.4	10.71	1.976	0.922	1.912	1.382	144.4	1.196
Portugal	(Es)	19.95	3.791	3.324	0.969	0.397	927.2	1.087	4.199	100.	79.95	4.497	0.830	0.387	0.803	0.580	60.64	0.502
Spain	(Pta)	24.95	4.742	4.157	1.212	0.497	1160	1.360	5.252	125.1	100.	5.624	1.038	0.484	1.004	0.726	75.85	0.628
Sweden	(SKr)	44.36	8.431	7.392	2.156	0.883	2062	2.418	9.337	222.4	177.8	10	1.845	0.861	1.785	1.290	134.9	1.117
Switzerland	(SFr)	24.04	4.569	4.006	1.168	0.479	1118	1.311	5.061	120.5	96.36	5.420	1	0.466	0.967	0.699	73.09	0.605
UK	(£)	51.55	9.797	8.589	2.505	1.026	2396	2.810	10.85	258.4	206.6	11.62	2.144	1	2.074	1.499	156.7	1.298
Canada	(C$)	24.86	4.724	4.141	1.208	0.495	1155	1.355	5.231	124.6	99.61	5.603	1.034	0.482	1	0.723	75.55	0.626
US	($)	34.39	6.536	5.730	1.671	0.684	1598	1.875	7.238	172.4	137.8	7.752	1.430	0.667	1.384	1	104.5	0.866
Japan	(Y)	329.0	62.52	54.81	15.99	6.548	15290	17.93	69.24	1649	1318	74.15	13.68	6.382	13.24	9.566	1000.	8.283
Ecu		39.71	7.548	6.617	1.930	0.790	1846	2.165	8.359	199.1	159.2	8.952	1.652	0.770	1.598	1.155	120.7	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, Swedish Kronor and Belgian Franc per 10; Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5983	0.5976	-0.0005	0.6005	0.5972	57,248	114,290
Sep	0.5986	0.5979	-0.0005	0.5997	0.5977	94694	5,987
Dec	0.5993	0.5993	-0.0008	0.5993	0.5993	2	216

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9608	0.9576	-0.0021	0.9631	0.9566	26,134	56,742
Sep	0.9650	0.9654	-0.0020	0.9711	0.9643	629	3,727
Dec	-	0.9750	-	-	0.9750	14	934

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7010	0.6987	-0.0023	0.7030	0.6984	19,547	36,789
Sep	0.7021	0.7012	-0.0023	0.7040	0.7010	392	748
Dec	-	0.7070	+0.0037	-	-	15	352

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4924	1.4964	+0.0038	1.5016	1.4924	12,478	41,563
Sep	1.4980	1.4960	+0.0048	1.4990	1.4960	244	1,284
Dec	1.4980	1.4970	+0.0048	1.4990	1.4970	3	38

EMS EUROPEAN CURRENCY UNIT RATES

May 11	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.791229	-0.004375	-2.15	5.71	14
Netherlands	2.19672	2.16826	-0.00071	-1.30	4.79	-
Belgium	40.2123	39.7584	-0.0054	-1.13	4.62	8
Germany	1.94964	1.93180	-0.00031	-0.93	4.40	-
France	6.53883	6.62065	+0.00193	1.25	2.16	-10
Denmark	7.43679	7.55800	-0.00121	1.63	1.78	-11
Spain	154.250	159.114	+0.51	3.15	0.27	-22
Portugal	192.854	199.482	+0.075	3.44	0.00	-23
NON ERM MEMBERS						
Greece	264.513	284.906	+0.236	7.71	-3.97	-
Italy	1793.19	1847.78	+4.77	3.04	0.38	-
UK	0.786749	0.773394	-0.001751	-1.70	5.22	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.425	7.06	7.02	7.18	-	-	0.20
1.450	4.57	4.65	5.05	-	0.11	0.55
1.475	2.12	2.58	3.24	-	0.53	1.22
1.500	0.16	1.14	1.91	0.49	1.52	2.31
1.525	-	0.37	1.00	2.73	3.20	3.84
1.550	-	0.07	0.46	5.23	5.28	5.77

Previous day's vol., Calls N/A Puts N/A. Prev. day's open int., Calls N/A Puts N/A

WORLD INTEREST RATES

MONEY RATES

May 12	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5⅝	5¾	5¾	5½	5⅝	7.40	4.50	-
week ago	5⅝	5⅝	5⅝	5⅝	5⅞	7.40	4.75	-
France	5⅞	5¾	5¾	5⅝	5⅝	5.60	-	6.75
week ago	5¾	5¾	5¾	5⅞	5⅞	5.60	-	7.75
Germany	5.50	5.20	5.03	4.96	4.96	6.00	4.50	5.47
week ago	5.40	5.20	5.20	5.13	5.07	6.50	5.00	5.47
Ireland	5⅞	5¾	6	6⅛	6⅝	-	-	6.50
week ago	5¾	5¾	6	6⅛	6⅝	-	-	6.50
Italy	8⅛	7⅞	7⅞	7⅞	7⅞	-	7.00	8.10
week ago	8¾	7⅞	7⅞	7⅞	8⅛	-	8.00	8.27
Netherlands	5.28	5.19	5.12	5.10	5.09	-	5.25	-
week ago	5.46	5.19	5.13	5.12	5.13	-	5.25	-
Switzerland	4⅛	4	4	4	4	6.625	3.50	-
week ago	3⅞	4	4	4	4⅛	6.625	3.50	-
US	3¾	4¾	4¾	5⅛	5¾	-	3.00	-
week ago	3¾	4⅝	4½	4⅞	5⅛	-	3.00	-
Japan	2⅛	2⅛	2⅛	2⅛	2⅛	-	1.75	-
week ago	2⅛	2⅛	2¼	2⅜	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅞	4⅞	5⅛	5⅝	-	-	-
week ago	-	4⅞	4⅝	4⅞	5⅝	-	-	-
US Dollar CDs	-	4.20	4.54	4.96	5.56	-	-	-
week ago	-	4.20	4.22	4.65	5.26	-	-	-
SDR Linked Ds	-	3⅞	4	4⅛	4⅝	-	-	-
week ago	-	3⅞	4	4⅛	4⅝	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 5¾; 6 mths: 5¾; 1 year: 5¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

May 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5½ - 5⅜	5½ - 5⅜	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5½ - 5⅜	5⅝ - 5½
Danish Krone	7½ - 6½	5¾ - 5½	5¾ - 5½	5¾ - 5½	5¾ - 5½	5¾ - 5½
D-Mark	5 11/16 - 5 9/16	5½ - 5⅜	5 3/16 - 5 1/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16
Dutch Guilder	5⅜ - 5 3/16	5¼ - 5⅛	5 3/16 - 5 1/16	5⅛ - 5	5⅛ - 5	5⅛ - 5
French Franc	5⅞ - 5¾	5⅞ - 5¾	5 13/16 - 5 11/16	5⅝ - 5½	5 9/16 - 5 7/16	5 9/16 - 5 7/16
Portuguese Esc.	11½ - 11⅜	12¼ - 11⅞	12½ - 12	11⅞ - 11⅜	11¼ - 10¾	10¾ - 10¼
Spanish Peseta	7⅝ - 7½	7⅝ - 7½	7⅝ - 7 7/16	7⅝ - 7 7/16	7⅝ - 7 7/16	7⅞ - 7⅝
Sterling	4½ - 4⅜	4⅞ - 4⅝	5 1/16 - 5	5 7/32 - 5 5/32	5⅝ - 5½	5 15/16 - 5 13/16
Swiss Franc	4¼ - 4	4¼ - 4	4 1/16 - 3 15/16	4 - 3⅞	4 - 3⅞	4 1/16 - 3 15/16
Can. Dollar	5⅝ - 5⅜	5⅝ - 5⅜	6 - 5⅞	6 7/16 - 6 5/16	6 13/16 - 6 11/16	7 7/16 - 7 5/16
US Dollar	3⅝ - 3½	4 1/16 - 3 15/16	4 7/16 - 4 5/16	4 13/16 - 4 11/16	5¼ - 5⅛	5¾ - 5⅝
Italian Lira	9 - 7½	7¾ - 7¼	7¾ - 7¼	7¾ - 7¼	7⅞ - 7¼	7¾ - 7½
Yen	2 5/16 - 2⅛	2 3/16 - 2 1/16	2 3/16 - 2 1/16	2¼ - 2⅛	2⅜ - 2¼	2½ - 2⅜
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate May 11

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.46	94.55	+0.09	94.55	94.46	34,368	61,567
Sep	94.73	94.83	+0.11	94.83	94.73	29,327	44,362
Dec	94.75	94.79	+0.09	94.80	94.71	13,951	37,108
Mar	94.64	94.68	+0.11	94.69	94.60	7,607	31,677

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.84	95.01	+0.06	94.85	94.84	155	5186
Sep	-	94.34	+0.08	-	-	0	2041
Dec	93.66	93.85	+0.08	93.67	93.66	185	1492
Mar	93.42	93.62	+0.09	93.42	93.42	43	968

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.07	95.09	-	95.11	95.07	26753	191348
Sep	95.30	95.33	+0.02	95.35	95.29	15199	184181
Dec	95.22	95.24	-	95.26	95.22	31685	192529
Mar	95.12	95.13	-0.01	95.15	95.10	9079	196986

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.40	92.43	+0.01	92.43	92.39	1590	34597
Sep	92.55	92.59	-	92.59	92.55	2359	46677
Dec	92.44	92.45	-0.02	92.47	92.43	2014	49476
Mar	92.32	92.31	+0.01	92.32	92.29	396	12871

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.15	96.13	-0.03	96.16	96.12	1025	20973
Sep	96.17	96.17	-0.01	96.18	96.15	492	11721
Dec	96.10	96.06	-0.02	96.10	96.05	5	5320
Mar	-	95.87	-0.02	-	-	0	768

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.49	94.50	-0.01	94.50	94.49	454	11447
Sep	94.63	94.66	+0.02	94.65	94.63	114	12026
Dec	94.53	94.55	+0.01	94.53	94.53	75	7208
Mar	94.30	94.32	-	94.30	94.30	25	2556

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.86	94.95	+0.08	94.96	94.81	127,268	422,492
Sep	94.17	94.26	+0.08	94.26	94.10	146,753	437,954
Dec	93.69	93.78	+0.08	93.79	93.63	173,561	408,711

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.27	95.37	+0.07	95.38	95.26	2,615	22,911
Sep	94.64	94.74	+0.07	94.74	94.62	513	11,048
Dec	94.32	94.38	+0.06	94.33	94.25	339	7,080

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9500	0.13	0.36	0.35	0.04	0.08	0.11
9525	0.03	0.19	0.21	0.19	0.11	0.22
9550	0.01	0.08	0.11	0.42	0.25	0.37

Est. vol. total, Calls 326 Puts 927. Previous day's open int., Calls 232865 Puts 169283

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9600	0.16	0.26	0.26	0.02	0.09	0.20
9625	0.02	0.11	0.14	0.14	0.19	0.33
9650	0	0.04	0.06	0.37	0.37	0.50

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 469 Puts 4054

UK INTEREST RATES

LONDON MONEY RATES

May 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5⅜ - 4	4⅞ - 4⅝	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5 7/16 - 5 5/16	5⅞ - 5¾
Sterling CDs	-	-	5 - 4 15/16	5⅛ - 5 1/16	5 5/16 - 5¼	5 25/32 - 5 23/32
Treasury Bills	-	-	4 27/32 - 4 25/32	4 15/16 - 4⅞	-	-
Bank Bills	-	-	4 27/32 - 4 25/32	4 15/16 - 4⅞	5⅛ - 5 1/16	-
Local authority deps.	4 5/16 - 4 3/16	4 15/16 - 4 13/16	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5½ - 5⅜	5⅞ - 5¾
Discount Market Deps	5¼ - 4¼	4 15/16 - 4 13/16	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ¼pc.
Ave. tender rate of discount 4.8668pc. ECGD fixed rate Stlg. Export Finance. Make up day April 29, 1994. Agreed rate for period May 25, 1994 to Jun 25, 1994, Schemes II & III 6.56pc. Reference rate for period Apr 1, 1994 to Apr 29, 1994, Schemes IV & V 5.256pc. Finance House Base Rate 5½pc from May 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.67	94.70	+0.01	94.70	94.66	7977	76651
Sep	94.36	94.43	+0.05	94.43	94.34	18161	91249
Dec	93.82	93.93	+0.09	93.93	93.80	16297	129822
Mar	93.26	93.37	+0.08	93.38	93.25	4235	59096

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.22	0.19	0.13	0.02	0.26	0.70
9475	0.06	0.09	0.06	0.11	0.41	0.90
9500	0.01	0.04	0.04	0.31	0.61	1.11

Est. vol. total, Calls 4887 Puts 2622. Previous day's open int., Calls 171603 Puts 152940

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

AUSTRIA (May 11 / Sch) · BELGIUM/LUXEMBOURG (May 11 / Frs.) · DENMARK (May 11 / Kr) · FINLAND (May 11 / Mks) · FRANCE (May 11 / Frs.) · GERMANY (May 11 / Dm.) · ITALY (May 12 / Lire) · NETHERLANDS (May 11 / Fls.) · NORWAY (May 11 / Kroner) · SPAIN (May 11 / Pts.) · SWEDEN (May 11 / Kronor) · SWITZERLAND (May 11 / Frs.)

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PACIFIC

JAPAN (May 12 / Yen) · HONG KONG (May 12 / H.K.$) · MALAYSIA (May 12 / MYR) · SINGAPORE (May 12 / S$) · AUSTRALIA (May 12 / Aust$)

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NORTH AMERICA

CANADA

TORONTO (May 12 / Can $) 4 pm close

MONTREAL (May 12 / Can $) 4 pm close

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Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal yields. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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AFRICA

SOUTH AFRICA (May 11 / Rand)

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TOKYO - MOST ACTIVE STOCKS: Thursday, May 12, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
NKK Corp	6.8m	266	+8	NEC Corp	3.8m	1,170	+10
M'bishi Est	6.3m	1,280	+10	Tokyu Corp	3.8m	809	+21
Sumitomo R & D	4.7m	728	+23	Brother Inds	3.5m	690	+13
Mazda Motor	4.6m	573	+24	Nagasakiya	3.4m	895	+14
M'bishi Elec	4.2m	635	+6	Mitsui Fudosan	3.3m	1,300	+30

INDICES

	May 12	May 11	May 10	1994 High		1994 Low	
Taiwan WeightedPr.(30/6/66)	6004.38	6024.47	5937.37	6454.52	6/1	5194.63	19/3
Thailand Bangkok SET (30/4/75)	1232.72	1235.76	1226.00	1753.73	4/1	1196.58	4/4
Turkey Istanbul Comp.(Jan 1986)	16335.5	15733.4	15827.87	20883.60	13/1	12980.78	24/3
WORLD MS Capital Int (1/1/70)$	608.8*	606.6	607.6	641.00	1/2	591.80	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1460.66	1456.12	1455.39	1640.19	31/1	1393.60	2/3
Euro Top-100 (26/6/90)	1263.45	1258.87	1259.53	1311.01	2/2	1202.40	2/3
JCapDigns (31/12/88)	(u)	308.29	299.78	385.19	5/1	289.28	21/3
Barings Emerg.(7/1/92)	145.26	146.30	143.41	182.72	14/2	141.85	21/4
ISEQ Overall(4/1/88)	1792.74	1802.15	1802.78	2082.16	20/1	1792.74	12/5
Italy Banca Comm Ital (1972)	603.02	610.07	617.17	617.17	10/5	598.85	10/1
MIB General (4/1/94)	1298.0	1307.0	1318.0	1318.00	10/5	944.00	10/1
Japan Nikkei 225 (16/5/49)	20224.24	20150.13	19917.78	20677.77	16/3	17369.74	4/1
Nikkei 300 (1/10/82)	301.08	298.59	296.30	304.25	1/3	288.22	4/1
Topix (4/1/68)	1644.56	1635.04	1617.83	1653.27	16/3	1445.97	4/1
2nd Section (4/1/68)	2321.60	2308.30	2295.36	2321.60	12/5	1873.33	4/1
Malaysia KLSE Comp.(4/4/86)	996.92	1008.67	989.48	1314.46	5/1	928.33	4/4

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*Sat May 7 : Taiwan Weighted Price 5981.73; Korea Comp Ex 935.41. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 26 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♣ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours Index: May 11 - 2248.02

CAC-40 STOCK INDEX FUTURES (MATIF) May 11

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
May	2176.0	2177.5	+15.5	2182.0	2160.0	25,732	22,372
Jun	2158.0	2160.5	+15.5	2162.0	2145.0	460	31,514
Jul	2155.5	2158.0	+16.5	2157.5	2146.0	101	270

Open interest figures for previous day.

US INDICES

Dow Jones	May 11	May 10	May 9	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3629.04	3658.41	3629.04	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	96.48	96.82	96.76	105.81 (21/1)	96.48 (11/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1587.65	1593.70	1589.28	1862.29 (2/2)	1546.02 (20/4)	1862.28 (2/2/94)	12.32 (8/7/32)
Utilities	178.55	183.56	183.36	227.08 (3/1)	178.55 (11/5)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3678.42 (3684.67) Low 3609.71 (3627.56) (Theoretical♠)
Day's high 3652.05 (3656.22) Low 3623.10 (3628.45) (Actual♠)

Standard and Poors	May 11	May 10	May 9	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	441.49	446.01	442.32	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	516.31	521.05	517.06	560.59 (2/2)	510.05 (21/4)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	43.39	43.70	43.12	48.56 (31/1)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	244.51	246.94	245.33	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	433.17	435.19	435.42	487.89 (2/2)	427.60 (20/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	717.0	725.00	722.97	803.93 (18/3)	705.51 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	May 6	Apr 29	Apr 22	Year ago
Dow Jones Ind. Div. Yield	2.77	2.76	2.79	3.04
	May 4	Apr 27	Apr 20	Year ago
S & P Ind. Div. yield	2.48	2.48	2.55	2.52
S & P Ind. P/E ratio	23.99	23.94	23.24	26.22

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	441.05	443.70	+2.55	444.20	440.35	75,638	197,108
Sep	446.35	446.25	+2.40	446.40	446.00	2,242	14,898
Dec	449.20	449.20	+2.55	449.30	449.10	128	7,105

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	6,154,200	54⅞	−1⅛
Philip Morris	4,185,900	47⅝	−1⅛
RJR Nabisco	4,181,000	5⅞	−⅛
Gen Motors	3,478,300	54¼	−1¼
Conner Per	3,463,100	12¼	−1⅛
Wst Digital	3,108,400	13⅛	−1½
Wal-Mart	3,040,100	24	−⅛
Glaxo	2,431,500	16⅝	−⅛
Chrysler	2,378,000	45⅝	−½
Coca Cola	1,816,100	40	+⅛

TRADING ACTIVITY

● Volume (million)

	May 11	May 10	May 9
New York SE	277.399	295.165	250.824
Amex	16.465	14.092	14.164
NASDAQ	312.284	300.042	223.842
NYSE			
Issues Traded	2,816	2,824	2,802
Rises	661	1,318	511
Falls	1,547	882	1,760
Unchanged	608	624	531
New Highs	24	21	19
New Lows	198	178	191

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation.
♠ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close May 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng. Prev. Close
17 3/8	14 1/8	AAR	0.48	3.2	495	32	15	14 3/4	14 7/8	+1/8
16 7/8	13 3/8	A L Labs A	0.18	1.3	32	277	14 1/2	14 1/8	14 1/8	-3/8
65 3/4	57 5/8	AMP x	1.68	2.6	22	1285	64 5/8	63 5/8	63 5/8	-5/8
72 3/4	52 1/8	AMR			28	2095	56 5/8	55 1/4	55 5/8	-1/8
5	3 5/8	ARX			15	75	4 3/8	4 1/8	4 3/8	+1/8
56 1/8	38 5/8	ASA	2.00	4.6	28	450	43 7/8	42 7/8	43 1/8	-5/8
30 5/8	25 3/8	Abbtts	0.76	2.6	17	10651	29	28 1/2	28 3/4	+1/2
13 3/4	11 3/8	Abitibi Pr	0.50	4.3	8	248	11 3/4	11 1/2	11 1/2	-1/8
13 3/4	11 1/8	Acptocelo			22	22	12 5/8	12 3/8	12 5/8	-1/8
31	24 1/2	ACE Ltd	0.44	1.6	4	37	28	27 5/8	28	+1/4
12 1/2	10 1/8	ACM Gvt In	1.09	10.2		758	10 7/8	10 3/4	10 3/4	
10 1/8	7 7/8	ACM GvOpp	0.80	9.5		109	8 1/2	8 1/4	8 3/8	
10 5/8	8 3/8	ACM Gvt Sp	0.96	11.3		260	8 5/8	8 1/2	8 1/2	-1/8
12	9 3/8	ACM Gvt Sa	1.09	11.5		853	9 5/8	d9 3/8	9 1/2	
11 3/4	8 3/4	ACM Man	1.08	11.8		212	9 1/4	9	9 1/8	+1/8
9 1/4	8	ACM Managd	0.72	8.7		32	8 3/8	8 1/4	8 1/4	
15 1/2	8 3/4	AcmeCly x	0.44	3.7	14	650	12 1/4	11 7/8	12	+1/8
8 1/2	7 1/8	Acme Elect			5	7	7 3/8	7 1/4	7 3/8	+1/4
28 1/2	23	Acordia	0.60	2.1	14	21	u28 1/2	28 1/4	28 3/8	
9 3/8	5 3/4	Actava	0.36	4.2	2	417	8 5/8	8 3/8	8 5/8	+1/4
15 1/8	11 3/4	Acuson			111	821	15	14 1/2	14 1/2	-3/8
18 3/8	16 1/2	Adams Expr x	0.48	2.8	0	105	17	16 7/8	16 7/8	
64	48 1/2	Ad Micro	3.00	5.8		59	52 7/8	52 1/4	52 1/4	-3/8
31 3/4	15 3/4	AdvMic	3.00	12.6	10	5913	24 3/8	23 3/4	23 3/4	-3/8
6 7/8	5	Advest Grp	0.16	3.1	8	3	5 1/8	5 1/8	5 1/8	
20	16 3/4	Advo Inc	0.10	0.61	12	213	17 3/8	16 7/8	16 7/8	-1/4
57 1/4	49 3/8	Aegon ADR x	2.95	5.6	11	30	53	52 1/2	53	+1/2
65 3/4	49 3/4	AetnaL	2.76	5.1	8	1648	53 3/4	53 1/4	53 3/4	+1/2
32 1/8	25 1/4	Aflac	0.46	1.5	13	711	31 1/2	31 1/8	31 3/8	+1/4
20 1/4	16 3/8	Ahmnso x	0.88	4.9	11	635	18 1/2	18	18	-1/4
4	1 7/8	Aileen Inc			1	3	2 1/2	2 1/2	2 1/2	-1/8
49 3/4	39 5/8	AirPrC	0.92	2.3	22	4496	40 1/8	d39 3/8	40	+1/4
39 7/8	31 1/2	Airbne Frt x	0.30	0.9	21	48	35 1/8	34 3/4	34 7/8	+1/8
26	19 3/4	Airgas Inc			39	1251	22 5/8	21 7/8	22 3/8	+1
16 1/8	14 3/4	Airlease	1.84	11.8	12	34	15 7/8	15 5/8	15 5/8	
24 7/8	21 3/8	AirTch				9825	24 1/2	23 3/4	24 3/8	+3/4
108 1/2	101	AlaPw8.16	8.16	7.8		3	104	104	104	
18 7/8	13 5/8	Alaska Air	0.20	1.3	8	342	15 1/2	15 1/4	15 3/8	+1/8
21 1/4	18	Albany Int	0.35	1.9	32	117	18 3/4	18 5/8	18 3/4	+1/8
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84 5/8	65 3/4	BnkTst	3.60	5.6	5	2488	65 5/8	d64 1/2	64 1/2	-1 1/8
38 1/4	30	Bclays	1.29	3.9	98	207	32 3/4	32 1/4	32 3/4	+1/4
30 1/2	22 3/8	Bard (C R)	0.56	2.3	20	1217	24 1/4	23 7/8	24	+1/8
34 1/4	29 1/2	Barnes Grp	1.40	4.1	48	2	34 1/8	34	34 1/8	+1/8
48 1/8	39 3/4	BarnBk	1.44	3.2	11	2291	45 1/2	44 5/8	45 3/8	+7/8
12 1/2	8 7/8	BattlMt	0.05	0.5	200	1676	10	9 3/4	10	-1/8
53 7/8	42 5/8	Bausch	0.98	2.1	18	1181	47 1/4	46 3/4	47 1/4	
24 7/8	21 5/8	Baxter	1.00	4.0	35	10687	u25 1/2	24 7/8	25 1/8	+1/4
28 3/8	23 5/8	Bay St Gas x	1.46	5.9	14	30	24 3/4	24 1/2	24 3/4	+1 1/8
22 1/2	19 1/8	Bd Tr 1838	1.72	8.1		17	21 1/8	20 7/8	21 1/8	+1/8
23 1/2	17 1/2	Bear Strns x	0.57	3.0	5	1192	19 3/4	19 1/4	19 1/4	-1/8
50	48 1/2	BearStPfA	2.83	5.7		2	49 3/8	49 3/8	49 3/8	

Continued on next page

4 pm close May 12

NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
27	19¾	Safeway			22	1014	22⅝	21⅞	22⅝	+¾
6⅜	4⅜	SafewayWt96				15	5⅛	5⅛	5⅛	
57½	50¼	StJoePaper	0.20	0.4	288	44	54⅞	54¼	54⅜	-½
30¼	27⅛	StJosL&P x	1.80	6.6	13	18	27⅜	d27⅛	27⅛	-⅛
90	76⅜	StPaul	3.00	4.0	7	462	77⅜	d75⅞	75⅞	-1½
9½	6¾	Salant Crp			9	29	7⅜	7⅛	7⅜	
49⅞	38¼	Sallie Mae	1.40	3.6	8	2683	39½	39¼	39⅜	+⅛
13½	11⅞	Salomon Br x	0.22	2.3		138	12⅜	12¼	12⅜	
52¾	44¼	Salomon	0.64	1.3	6	2811	49⅝	48⅝	48¾	-⅞
25	18⅝	SnDgGE	1.52	7.9	10	2374	19⅜	18¾	19¼	+½
10	7½	SantaFeERs	0.16	1.8	9	858	9⅛	8¾	9⅛	+⅛
40	34½	SantaFePac	2.80	7.9	16	90	35¾	35¼	35¼	-½
26¼	20½	SanFeP	0.10	0.5	11	2660	21⅝	21⅛	21⅜	-¼
26	20⅛	SaraLee	0.64	2.9	14	12036	22⅛	21½	22	+⅝
50⅛	42¾	Scana Corp	2.82	6.6	11	228	42⅞	d42½	42½	-¼
20½	14	Scecrp	1.42	10.1	9	9855	14½	d13⅞	14	-⅛
40½	34¾	SchererRP			27	133	36	35⅜	35⅝	-¼
69⅜	54½	SchPl x	2.04	3.2	15	2236	64¾	63⅞	64¼	+⅛
61½	50¾	Schlmb	1.20	2.1	23	3577	57¾	56⅜	57¼	+1⅛
33	25¼	SchwabC)	0.28	1.0	13	1699	29	28⅛	28⅝	-⅛
10⅜	6½	Schwitzer			25	12	8⅞	8¾	8¾	
36⅞	24⅞	SciAtl	0.12	0.3	70	2252	35⅜	35	35¼	+1⅛
16½	13⅛	Scotman	0.10	0.7	12	127	13¾	13½	13½	-⅛
46¼	37¼	ScotP	0.80	1.8	11	5687	44½	42½	44	+2⅛
28½	18⅝	ScuddrNAsF	0.21	1.0		75	21⅞	21¾	21¾	-⅛
12⅝	9¾	ScuddrNEuF	0.16	1.5		139	11	10⅞	11	+⅛
18½	13¾	SeaCnB r	0.70	5.0	6	142	14	d13½	14	+¼
16½	15⅛	SeaC1.4625	1.46	9.1		18	16	15½	16	
31	26¼	Seagrm	0.56	2.0	36	1624	28⅝	28¼	28⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Price data supplied by Telekurs

[illegible]

NASDAQ NATIONAL MARKET

4 pm close May 12

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- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S - - T - - U - - V - - W - - X - Y - Z -

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AMEX COMPOSITE PRICES

4 pm close May 12

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AMERICA

Dow moves in line with bonds for third day

Wall Street

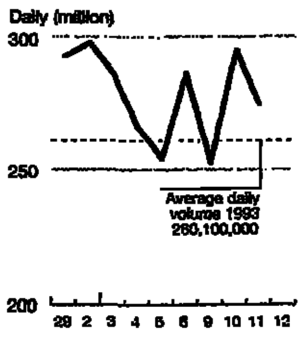
For the third consecutive day, US share prices moved in step with the bond market yesterday, rising almost across the board after treasury prices had rallied on news of an unexpected decline in producer price inflation, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was up 26.77 at 3,655.81. The more broadly based Standard & Poor's 500 was also firmer at the halfway mark, up 2.34 at 443.03, while the American Stock Exchange composite edged up 0.10 to 433.27 and the Nasdaq composite firmed 4.01 to 721.01. Trading volume on the NYSE was 165m shares by 1 pm.

After Wednesday's declines, stock prices firmed from the opening as investors were cheered by a big rally in the treasury market.

The benchmark 30-year bond climbed by more than a point, lowering its yield to under 7.5 per cent, after the government announced an unexpected 0.1 per cent decline in the producer prices index during April. Analysts had been expecting last month's PPI to register a rise of 0.2 per cent. Bond prices were also buoyed by a 0.8 per cent drop in April retail sales.

NYSE volume



Although bond prices later moved off their early morning highs, the drop in long-term interest rates and the good news on inflation ensured that stocks remained firmly in positive territory throughout the morning.

Philip Morris jumped $2⅛ to $50 in volume of 3.5m shares amid renewed speculation that it would soon split its tobacco and food businesses.

Allied Signal firmed $1¼ to $35½ in busy trading after the company said that it had signed an agreement to purchase the Textron group's *Lycoming Turbine Engine* division for $375m in cash and the assumption of certain liabilities. The news lifted Textron shares by $1 to $54⅞ as traders forecast that the company would use some of the proceeds from the sale to buy back stock.

Margaretten Financial rose $1⅝ to $24½ in volume of 2m shares on the news that the home mortgage banking company is to be acquired by Chemical Banking for $330m in cash. Chemical rose $⅜ to $34⅞.

Gap Stores jumped $1⅞ to $46¼ after reporting a 53 per cent improvement in first quarter profits to $63.5m. Another retailer, Land's End, fell $1⅛ to $44⅞ on disappointing earnings.

Canada

Toronto saw losses in precious metals and conglomerates outpace gains in consumer products, transportation and communications as the TSE 300 composite index edged 5.40 lower to 4,162.77 in 25.23m shares valued at C$221.39m.

The gold and silver index fell 162.41, or 1.7 per cent to 9,427.75; Comex gold extended earlier losses with active June gold down US$2.90 at US$379.80 an ounce.

● South Africa's financial markets were closed for a holiday

ASIA PACIFIC

Regional markets vary as Nikkei remains firm

Tokyo

The Nikkei 225 average stayed above 20,000 yesterday, share prices moving higher on late buying of laggard sectors by foreign investors, and on technical purchases by arbitrageurs, *writes Emiko Terazono in Tokyo.*

The index traded narrowly, gaining 74.11 at 20,224.24 after a low of 20,118.72, and high of 20,260.35 just before the close.

Volume came to 270m shares, against 344m, as most domestic players remained inactive due to the prevailing uncertainty on the currency markets. "Whether the yen's easing is sustainable or not is uncertain," said a trader.

The Topix index of all first section stocks rose 9.52 to 1,644.56 and the Nikkei 300 put on 1.49 at 301.08. Gainers led losers by 629 to 370, with 185 issues unchanged. In London the ISE/Nikkei 50 index was up 1.67 at 1,344.15.

Traders said that with potential sellers above the 20,000 level, investors had little incentive to buy stocks at current prices.

Real estate companies, regarded as laggards, were traded actively. Mitsubishi Estate firmed Y10 to Y1,280 and Mitsui Fudosan Y30 to Y1,300. Construction stocks were also firm, with Shimizu appreciating Y12 to Y954 and Kumagai Gumi Y17 to Y488.

Railroads, too, advanced on the laggard stocks theme, with Tobu Railway up Y22 to Y686 and East Japan Railway ahead Y12,000 at Y500,000. Steels gained on foreign buying: NKK, the day's most active issue, rose Y8 to Y266 and Nippon Steel put on Y1 at Y353.

Profit-taking depressed some high-technology companies, which had rallied on Wednesday. Fujitsu shed Y10 to Y1,030 and Sony Y50 to Y5,840.

Speculators looking for quick profits targeted Mazda Motor, which climbed Y24 to Y573, and Brother Industries, Y13 stronger at Y690.

In Osaka, the OSE average added 45.93 at 22,373.49 in volume of 31.3m shares.

Roundup

The region's markets showed wide variations in performance. Bombay and Jakarta were closed for holidays.

HONG KONG fell slightly following the previous day's 4 per cent gain: the Hang Seng index finished down 27.30 at 8,878.86.

"Sentiment remains cautious if not bearish," said one trader. "Many funds would rather stay on the sidelines pending opportunities, while others have turned to the futures, trying to make the most out of the choppy spot market."

Among the actives, HSBC dipped HK$1.50 to HK$84 and Cheung Kong lost 75 cents to HK$36.50, but there was selective buying of other blue chips and second line stocks.

Chinese Estates was the session's strongest performer, advancing HK$1.00, or 15 per cent, to HK$7.50. Turnover dipped to HK$4.5bn (HK$5.2bn).

SINGAPORE fell back in light trading as investors took profits on selected blue chips following gains over the previous two sessions. The Straits Times industrial index slipped 10.81 to 2,250.41.

Natsteel dropped 44 cents to S$4.36 in heavy turnover on expectations that it would soon announce disappointing results. Shipbuiders came under pressure after recent gains: Sembawang receded 20 cents to S$13.00.

SEOUL maintained its momentum as the market rose for the seventh consecutive session, the composite index firming 3.54 to 952.45. Turnover was Won793.8bn. TAIPEI was pulled lower late in the session on profit-taking, and the weighted index, which had earlier seen the 6,100 level, closed off 20.09 at 6,004.38. Turnover rose to T$87.4bn from T$61.9bn.

Construction and electronic issues went against the trend, with Tatung up T$3.50 to T$61.50. Formosa Chemical Fibre lost T$1.50 to T$37.50.

MANILA was generally softer but for a gain in PLDT, which added 30 pesos at 1,890 pesos after a slight rise on Wall Street overnight.

The composite index eased 3.11 to 2,952.27. Turnover was 906.8m pesos. Traders noted that many investors were refraining from buying in anticipation of three IPOs later in the month.

KUALA LUMPUR eased as sentiment was affected by Bank Negara's announcement that it was to raise the reserve requirements of banks and finance companies. The composite index dipped 11.75 to 996.92. Tenaga weakened 40 cents to M$13.30 on expectations that the power group would announce poorer than expected results next week.

BANGKOK ended slightly lower after moving in a narrow 10-point range. The SET index lost 3.04 at 1,232.72 in thin turnover of Bt3.8bn.

Investors focused on construction materials in the expectation that first-quarter results, especially among cement manufacturers, would show an improvement. The heavily weighted Bangkok Bank put on Bt1 at Bt161, limiting the index's fall.

SYDNEY, which had lost ground in the afternoon, firmed shortly before the close. The All Ordinaries index finished 6.8 ahead at 2,041.4. Turnover was A$527.8m.

Foster's Brewing fell 11 cents to A$1.19 on brokers' downgrades, while positive opinions helped BHP to a gain of 36 cents at A$17.04.

WELLINGTON followed its own instincts. Strong buying was seen in the major blue chips and the NZSE-40 capital index advanced 29.66 to 2,093.50. Air New Zealand shares received a boost after announcing that second-half profits were likely to exceed the first half's NZ$68.1m.

KARACHI strengthened on institutional buying. The KSE 100-share index rose 38.03, or 1.7 per cent, to 2,227.22.

EUROPE

Strong recovery in Madrid

Most bourses were closed for the Ascension day holiday.

MADRID recovered more ground, mainly in the afternoon when the influence of the US PPI data was combined with expectations of a domestic interest rate cut. The general index rose 5.68, or 1.8 per cent to 327.16, turnover rising from Pta32bn to Pta33.6bn but accelerating towards the close.

Construction stocks starred. Huarte, up Pta55, or 3 per cent to Pta1,875, was recommended by James Capel, which said that the company had the largest order book in the sector; Uralita rose Pta110, or 7.7 per cent to Pta1,540.

Utililities climbed after Hidroelectrica del Cantabrico, up Pta80 at Pta4,220, delivered a 55 per cent rise in first quarter net. Iberdrola rose Pta31 to Pta977 and Sevillana by Pta29, or 4.4 per cent to Pta684.

MILAN fell back on options expiry, while the market's overall tone remained cautious. Investors were awaiting further political developments, as well as the release of Fiat's 1993 results and, more importantly, its forecasts for 1994.

The Comit index shed 7.05 to 803.02.

After the close the car group announced that first quarter results showed a return to profit after a loss of L222bn in the same 1993 period. Its shares closed up L125 at L7,135.

Generali, the insurance group, which also forecast better results for 1994, gained L850 to L48,300.

DUBLIN ended at a new low for the year, affected, said Mr Adrian O'Carroll of Dillon Read, by declines in Bank of Ireland and CRH, the building materials group. The ISEQ index lost 9.41 to 1,792.74, but in below average turnover.

TEL AVIV registered its ninth fall in succession as the Mishtanim index lost 3.00, or 1.4 per cent to 214.62.

ISTANBUL rose 3.8 per cent after a three-day fall, the composite index ending 602.09 higher at 16,335.55. Brokers said that investors were still cautious buyers of state-controlled companies as lira interest rates stayed firm.

WARSAW recovered 2.6 per cent after rate cut news from the National Bank of Poland, the Wig index closing 268.4 higher at 10,674.6.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

May 12 — THE EUROPEAN SERIES

Hourly changes	Open†	10.30†	11.00†	12.00†	13.00†	14.00†	15.00†	Close†
FT-SE Eurotrack 100	1451.19	1451.19	1452.83	1452.77	1452.89	1455.58	1457.30	1458.98
FT-SE Eurotrack 200	1468.78	1470.16	1471.18	1470.89	1471.39	1474.98	1475.06	1479.49

	May 11	May 10	May 9	May 6	May 5
FT-SE Eurotrack 100	1456.12	1455.39	1437.30	1450.63	1448.10
FT-SE Eurotrack 200	1473.45	1471.35	1452.04	1465.18	1468.74

Base 1000 (26/10/90); Highday: 100 - 1461.70; 200 - 1479.89 Lowday: 100 - 1450.14 200 - 1468.31 † Part.

April turnover falls 12%

By William Cochrane

Bourse activity in April failed to respond to a tentative recovery in most European market indices, and turnover fell by 12 per cent on the month after a 5.7 per cent rise in March.

This was partly due to the Easter holidays, says Mr James Cornish, European market strategist at NatWest Securities, which produces the figures, but it also reflected caution on the part of international investors.

Turnover in European stocks traded on Seaq International, the London screen-based dealing system which attracts a lot of international business, declined to 15.8 per cent as a proportion of its counterpart in Continental domestic equity markets, after 16.2 per cent in March and 16.1 per cent in February.

There had to be an exception, and in April it was Italy, which saw turnover up 31.8 per cent on the month, and by 49 per cent over the average of the previous quarter. Mr Cornish notes that Italian share prices rose by another 10.6 per cent last month, in growing anticipation of Mr Silvio Berlusconi's success in forming a government.

"In contrast to Milan," notes Mr Cornish, "Seaq International turnover in Italian shares fell by 4.3 per cent on the month, with the proportion of London to domestically traded Italian shares falling to 12.8 per cent, from 17.4 per cent in March. This bears out our view that the Italian market is now propelled mainly by domestic buying."

Zurich was the underperformer in share price terms in April, with a domestic index fall of 1.5 per cent. Turnover in Swiss shares dropped by 25.3 per cent.

But this was topped by France. In Paris, share prices rose by an adequate 2.5 per cent as turnover fell by 33.6 per cent. By April, too, the Paris market was becoming apprehensive about the weight of new issues that it was intended to field.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Jan 1994	Feb 1994	Mar 1994	Apr 1994	US $bn
Belgium	107.56	95.76	83.75	69.93	2.06
France	251.96	244.62	218.68	145.17	25.69
Germany	219.29	176.59	214.73	188.00	113.94
Italy	53,924	79,109	80,380	105,964	66.75
Netherlands	35.00	32.00	33.10	25.20	13.61
Spain	1,521.82	1,400.80	1,491.24	1,160.49	8.61
Switzerland	39.70	33.90	32.02	23.93	17.06
UK	65.31	59.80	61.14	48.57	73.78

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

Venezuela continues to be a puzzle

Joseph Mann assesses the outlook for the country's equity market

To most foreign investors, Venezuela remains a high-risk puzzle. The economic policies of the administration of 78-year-old President Rafael Caldera, who began a five-year term last February, offer a confusing combination of government intervention and market initiatives.

The outlook in 1994 is for a second straight year of negative economic growth, and investors are not at all sure that the new government's economic policies – aimed at reducing the fiscal deficit, attracting private investment and generating regular economic growth with low inflation – will work.

With high inflation (46 per cent last year) and a monetary unit that has declined by 46 per cent, using the parallel market exchange rate, since January 1993, equity investors have to watch movements on the Caracas stock exchange carefully to make real short and medium-term gains.

Following an impressive rally in February, after Mr Caldera took office, the stock exchange has been generally weak.

This year's peak came on February 21, when the index hit 29,798.33, up 36 per cent from the end of 1993, partly due to the entry of several investment funds from overseas. Since then the market has fallen some 26 per cent.

These figures turn out to be even worse when one takes into account the country's inflation rate of 13.7 per cent for the first four months of 1994. Adjusted for currency depreciation, the index is down 37.5 per cent from its February peak, and 20 per cent since the start of this year.

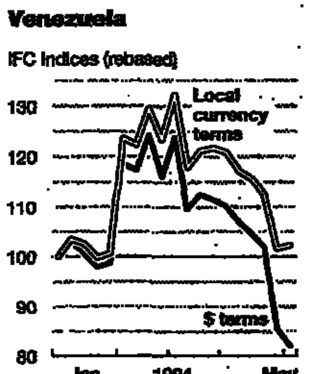
Equities fell sharply following the resignation of the president of the central bank, Mrs Ruth de Krivoy, on April 26.

Domestic and international investors reacted negatively to her departure – while in office she had maintained real interest rates and protected international reserves in spite of pressure from political and business sectors to change.

In the period following Mrs Krivoy's resignation the bolivar lost 9.6 per cent against the dollar in seven business days up to May 5 and, during the same period, the stock index dropped by 4.4 per cent.

Venezuela

IFC indices (rebased)



Source: Datastream

It is not yet clear if Mrs Krivoy's successor, Mr Antonio Casas, will be able to resist pressure from the government to push down interest rates.

Nor is it clear how Venezuela's international monetary reserves will hold up during a year of declining oil revenues. Reserves fell by $1.7bn (14 per cent) during the first quarter, and are estimated to have slipped some $1bn in April.

In spite of all these problems there was some good news for the stock market earlier this month when the government decided that its new tax on private sector debit transactions at banks would not be applied in full force to the stock exchange.

This 0.75 per cent tax which, in amended form, takes effect later this month, would have raised trading costs considerably for both buyers and sellers, since at least four cheques are involved in a normal transaction and each one could have been taxed. However, after lobbying by the stock exchange authorities, the government decided to apply the levy only to the buyer's cheque.

Venezuela's external debt bonds have been hit hard this year, following on from the failure of Banco Latino, the country's second-largest bank, last January, which raised concern over the health of other banks, as well as the increase in US interest rates.

But even though the government is facing a steep decline in oil export revenues this year – and thus lower taxes from the petroleum sector – there have been no indications so far that it will have trouble servicing its external debt.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	WEDNESDAY MAY 11 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MAY 10 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (69)	167.66	1.5	166.99	110.72	145.87	154.35	1.6	3.56	165.19	164.26	108.49	143.47	151.89	189.16	130.19	136.21
Austria (17)	173.41	-0.2	172.71	114.51	150.87	150.94	0.3	0.99	173.69	172.71	114.07	150.84	150.44	195.41	139.63	139.63
Belgium (42)	172.93	0.0	172.23	114.19	150.45	147.04	0.2	3.71	172.99	172.01	113.61	150.24	146.68	176.67	141.92	145.12
Canada (106)	127.33	-0.4	126.82	84.08	110.78	126.91	-0.4	2.66	127.78	127.06	83.92	110.98	127.44	146.31	121.46	126.62
Denmark (33)	254.13	-0.1	253.11	167.82	221.10	226.28	0.1	0.96	254.60	253.06	167.15	221.03	226.17	275.79	207.56	221.75
Finland (22)	151.57	1.9	150.96	100.09	131.87	172.96	2.1	0.65	148.76	147.92	97.70	129.19	169.46	156.72	85.54	93.49
France (98)	175.17	0.1	174.47	115.68	152.40	157.72	0.5	2.85	174.95	173.97	114.90	151.94	157.00	185.37	149.60	153.89
Germany (58)	143.03	0.1	142.45	94.45	124.44	124.44	0.3	1.66	142.85	142.05	93.82	124.06	124.06	147.07	107.59	110.97
Hong Kong (56)	363.30	4.4	361.85	239.92	316.09	360.34	4.4	2.96	347.88	345.92	228.48	302.13	345.08	506.56	271.42	277.69
Ireland (14)	184.37	0.0	183.63	121.76	160.41	178.60	-0.1	3.39	184.30	183.28	121.04	160.06	178.76	209.33	155.93	159.24
Italy (60)	94.93	-2.9	94.55	62.69	82.59	113.64	-2.4	1.55	97.78	97.23	64.22	84.92	116.44	97.78	57.88	67.69
Japan (469)	156.79	0.6	156.16	103.54	136.41	103.54	1.1	0.78	155.87	154.99	102.37	135.37	102.37	165.91	124.54	146.09
Malaysia (98)	473.40	0.3	471.51	312.62	411.89	476.59	0.2	1.43	471.86	469.20	309.90	409.81	475.40	621.63	312.51	322.27
Mexico (18)	1895.71	2.8	1888.11	1251.88	1649.32	6995.77	3.0	1.13	1844.29	1833.88	1211.27	1601.71	6894.63	2647.08	1431.17	1502.05
Netherland (26)	201.93	0.1	201.13	133.35	175.69	173.16	0.3	3.24	201.63	200.50	132.43	175.12	172.60	207.43	163.30	168.43
New Zealand (14)	65.74	2.2	65.47	43.41	57.19	60.05	2.1	3.97	64.34	63.98	42.26	55.88	58.83	77.59	46.62	46.62
Norway (23)	194.03	0.6	193.25	128.13	168.81	191.08	0.7	1.74	192.92	191.83	126.70	167.54	189.84	206.42	150.61	159.39
Singapore (44)	339.72	1.2	338.36	224.34	295.57	243.15	1.2	1.65	335.79	333.90	220.54	291.63	240.24	378.92	240.57	240.57
South Africa (59)	267.28	-0.4	266.20	176.50	232.54	279.82	0.4	2.21	268.43	266.92	176.30	233.13	278.69	280.26	175.93	184.85
Spain (42)	140.25	-0.6	139.69	92.62	122.02	146.79	0.0	4.06	141.12	140.32	92.68	122.55	146.73	155.79	116.33	127.62
Sweden (36)	224.42	0.3	223.52	148.20	195.26	257.61	0.4	1.54	223.73	222.47	146.94	194.31	256.49	230.02	163.86	173.94
Switzerland (48)	161.74	0.2	161.13	100.21	132.02	134.42	0.2	1.80	151.39	150.54	99.43	131.48	134.12	176.56	121.14	121.46
United Kingdom (205)	191.15	-0.4	190.38	126.23	166.31	190.38	-0.2	3.90	191.92	190.84	126.05	166.66	190.84	214.96	170.32	177.37
USA (519)	179.72	-1.1	179.00	118.68	156.36	179.72	-1.1	2.97	181.64	180.61	119.29	157.75	181.64	186.04	176.95	181.69
EUROPE (724)	169.14	-0.3	168.46	111.69	147.15	160.23	-0.1	2.89	169.60	168.64	111.38	147.29	160.32	178.56	141.58	144.57
Nordic (114)	212.66	0.4	211.81	140.44	185.02	213.40	0.6	1.32	211.73	210.53	139.06	183.88	212.15	220.80	155.82	165.30
Pacific Basin (750)	164.64	0.8	163.98	108.72	143.25	113.11	1.3	1.07	163.26	162.34	107.22	141.79	111.64	168.80	134.79	149.47
Euro-Pacific (1474)	166.36	0.4	165.69	109.86	144.74	131.63	0.7	1.84	165.74	164.81	108.85	143.94	130.67	170.78	141.98	147.35
North America (625)	176.47	-1.0	175.76	116.53	153.53	176.07	-1.0	2.96	178.29	177.29	117.10	154.84	177.89	192.73	175.67	178.27
Europe Ex. UK (519)	153.33	-0.2	152.71	101.25	133.40	141.35	0.1	2.29	153.62	152.76	100.90	133.42	141.27	157.47	122.37	124.42
Pacific Ex. Japan (281)	242.36	2.3	241.39	160.06	210.88	219.38	2.3	2.72	236.87	235.53	155.57	205.72	214.38	296.21	182.38	183.01
World Ex. US (1657)	167.25	0.4	166.58	110.45	145.51	134.70	0.7	1.86	166.64	165.70	109.44	144.72	133.73	172.51	142.94	147.63
World Ex. UK (1971)	168.38	-0.1	167.71	111.19	146.50	144.93	0.1	2.07	168.56	167.61	110.70	146.39	144.73	175.56	153.22	156.34
World Ex. So. Af. (2117)	169.81	-0.1	169.13	112.14	147.74	148.00	0.1	2.25	170.03	169.07	111.67	147.87	147.86	178.56	155.00	158.13
World Ex. Japan (1707)	179.70	-0.4	178.98	118.67	156.35	175.07	-0.3	2.68	180.50	179.48	118.55	156.76	175.66	195.20	165.70	166.48
The World Index (2176)	170.40	-0.1	169.71	112.52	148.25	148.99	0.1	2.25	170.62	169.66	112.06	148.18	148.84	178.97	155.17	158.20

Latest prices were unavailable for this edition.

RECRUITMENT

Jobs: Western businesses are seeking ways to develop their home-grown talent for eastern and central European operations

Management techniques lost in translation

The recruitment market for management in eastern and central Europe is becoming increasingly sophisticated as more western companies establish operations in former communist regimes.

The initial flow of management from west to east has slowed to a trickle as more companies are seeking to recruit and develop home-grown managers.

Where outside management is still required, companies are becoming increasingly selective. Tony Goodwin, managing director of Antal International, a specialist recruiter working solely in eastern Europe, says that the three areas of western expertise most needed are in finance/accounting, sales and marketing, and general management.

"Their education systems were geared towards technicians," he says. "There is no end of engineers, physicists and chemists to be found there, but because of their former political system there are gaps in some commercial skills."

Among the placements Antal has made recently was a Welsh finance manager of Romanian stock for a business in Bucharest and an Estonian-born accountant living in Leicester found for the Getech Corporation. In that case the accountant's wife, also Estonian, is a doctor, so the recruitment was doubly beneficial to the Baltic republic.

Over the past four years, recruitment organisations have been scouring expatriate communities in different parts of the world. Australia has proved a rich source for Polish professionals and Paris has a strong Russian contingent.

A continual problem has been attracting good western managers, particularly those with families, to eastern Europe. But a revival in the old-style cafe society culture in Budapest, Prague, even Warsaw, and improvements in schools is attracting better candidates.

Recruitment has been concentrated among the central European republics. The former Soviet republics have been far more resistant to western management which, coupled with political volatility, may have contributed to Russia's sharply decreasing industrial output.

Mr Tamas Toth, managing partner of the Vienna-based H. Neuman International Management Consultants, one of the biggest recruiters into eastern and central Europe, has carried out a study of the transfer of management know-how from west to east.

After an initial period of wariness, where eastern and western managers were suspicious of their respective merits, he says, a better spirit of understanding was reached.

Toth found that local managers did not value western managers for their organisational skills but for their expertise in financial management.

Western managers in turn reported low morale among their eastern counterparts and said many were not well trained for their jobs. Both sets of managers placed differing economic experiences and eastern bloc-western mentality ahead of language problems when assessing the biggest obstacles to successful co-operation.

Toth concluded that the transfer of management theory among those companies he surveyed was virtually complete, even if its effective application had still to be achieved.

The challenge now for recruiters moving into eastern and central Europe is to identify and foster home-grown talent. Advocates of personality testing argue that their approach is ideal in circumstances where there has been no previous western-style selling, marketing or management culture.

Herbert Greenberg, chairman of Caliper Human Strategies, a New Jersey, US-based consultancy, is seeking to apply US-style selection techniques among businesses in the Czech Republic.

In a preliminary study, the company examined some sample profiles from neighbouring Poland to see whether it could find profiles of young entrepreneurs to match those it had identified previously in the US. The fear was that years of totalitarianism would have crushed any drive for selling.

Part of the problem, said Greenberg, was the definition of sales among many eastern and central Europeans. The tendency was to equate sales figures with production figures. "Somebody will say they sold 10,000 cars when 7,000 of them are still in the showrooms waiting to be bought. What they mean is that they produced 10,000 cars," he said.

The client sending the profiles was choosing sales staff from former state-run companies. "Then he sent us a profile that looked like a sales person and we said 'This is the guy'. Our client drew breath and told us that we'd picked someone who had been working in the black market for 25 years," said Greenberg.

The potential recruit was unacceptable but the exercise did tell them that such people could be found. Subsequent research has suggested that the proportion of eastern Europeans with what Greenberg calls "ego drive" is something like 30 per cent, about the same as that in the US.

Recruitment may, however, be facing a more complex market than that envisaged by raw capitalism. The recent re-emergence of socialism as a political force suggests that doing business the western or US way may be losing its lustre in the east. Therefore organisations developing in the east may find it useful to consider the German model of consensus capitalism if they want to get the best out of their home-grown management and workforces.

■ Sue Fernie and David Metcalf at the London School of Economic's Centre for Economic Performance say they received 600 requests for their recent paper which concluded that human resource management did nothing to improve management-employee relations.

Expanding on earlier research, they have produced a new paper*, which finds that while HRM may not, by their measures at least, have delivered better industrial relations, it has improved productivity in the workplace.

When they looked at both growth in productivity of organisations between 1987 and 1990 and comparisons of productivity levels, they found those workplaces that used HRM techniques produced better results than those which did not. The difference was even more marked when the comparison was made with strongly unionised workplaces.

Absenteeism rates in such workplaces were almost double those of the HRM users although the same rates were recorded by those employers without unions or HRM, indicating that HRM was not a factor in this.

Neither did HRM appear to be a strong differentiating factor for the rate at which people left their employers. It was noticeable that the leaving rate was much lower in organisations with strong unions.

Fernie and Metcalf have leaned heavily on their findings covering industrial relations to criticise HRM. Having first removed the caring halo from HRM and its affect on industrial relations, their wider study does put its use in a broader context.

If anything, it shows that the use of human resource management is closer to what the words might suggest – systems or strategies for getting the best and most out of people. The study also suggests that HRM may deliver what management has wanted most – more productive workforces. The notion that it should be viewed in any other light, such as representing a paternalistic approach, would seem misplaced.

The study is based upon a Department of Employment workplace industrial relations survey of more than 2,000 UK employers, each with more than 25 people.

* *What has HRM achieved in the workplace? Available from the Employment Policy Institute, Southbank House, Black Prince Road, London SE1 7SJ, price £3.*

Richard Donkin

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Karen Draper, 37 Lombard Street, London EC3V 9DH

Quantitative Investment Management

Wells Fargo Nikko Investment Advisors Limited was established in London in 1991 to reinforce the group's commitment to the highest quality client service in Europe and to continue to build leadership in the field of quantitative investment management.

With its headquarters in San Francisco, Wells Fargo Nikko Investment Advisors is the largest and most experienced manager of index and quantitative funds in the world. On a global basis, the group manages total assets of over £100 billion on behalf of 500 institutional clients.

The success of Wells Fargo Nikko Investment Advisors is attributed to its ability to engineer investment solutions for its clients through creating, transforming and sharing knowledge.

Continued expansion of its European business now gives rise to three new positions in its London offices. Successful candidates will work as part of a small team in a fast changing and challenging environment.

The company is an equal opportunities employer.

Research Officer

Reporting to the Chief Investment Officer in London, the Research Officer will be responsible for developing and adapting existing WFNIA strategies and products for European investors. The successful candidate will join the group's existing, highly experienced, global quantitative research team, supporting an evolving product development plan.

The Research Officer will be highly numerate, educated to at least Masters level in an appropriate scientific discipline and experienced in the application of advanced quantitative techniques to the development and operation of systematic investment products.

Effective oral and written presentation skills are required.

Business Development Associate

Reporting to the Marketing Director, the Business Development Associate will join an existing team of four involved with client service and new business acquisition in Europe. The successful candidate will work with the marketing staff on the identification and development of new business opportunities both on the Continent and in the UK.

The individual will have gained experience in a similar role and must be familiar with quantitative investment management techniques. He or she must have the maturity and ability to communicate at a senior level. Education should be to degree standard and fluency in a second European language would be an asset.

Client Reporting Associate

Responsible to the Compliance and Finance Officer, the Client Reporting Associate's role will be to ensure that client reporting is efficient, accurate and timely. This will include responsibility for unit trust reporting and maintenance of the associated formal records.

Knowledge pertaining to the investments industries is preferred. The Client Reporting Associate will be educated to the equivalent of degree standard.

All candidates should submit a detailed résumé by Thursday 19th May to:
The Recruitment Officer
Wells Fargo Nikko Investment Advisors Limited
135 Fleet Street, London EC4A 2BJ

Wells Fargo Nikko Investment Advisors Limited

INVESTMENT ANALYSTS
HONG KONG AND TOKYO

Fidelity is one of the world's largest independent fund management organizations, responsible for over US$250 billion for our investors worldwide.

Working as part of our research team in Tokyo or Hong Kong you will provide investment recommendations to Fidelity's fund managers worldwide. Specifically, your responsibilities will include the analysis of a sector or a country within Asia. The successful candidate will have the opportunity to take on fund management responsibilities.

Applicants should be able to demonstrate a strong commitment to fund management and have a minimum of three years' experience. An MBA would be an advantage, but is not requisite for those candidates with previous extensive experience. Fluent English and either Japanese or Chinese (Mandarin or other dialect) depending on the location are essential.

Fidelity Investments provides an excellent remuneration package and attractive benefit arrangements.

Please apply with full career details and salary expectations to: Human Resources Manager - Asia, Fidelity Investments Management (HK) Ltd., 16th Floor, Citibank Tower, 3 Garden Road, Central, Hong Kong.

Fidelity Investments

YOUR CAREER MATTERS

GLOBAL INVESTMENT BANK
COMPLIANCE ADVISORS

LONDON — EXCELLENT PACKAGE

Our client is widely acknowledged as being pre-eminent in international financial markets. A creative and innovative approach has lead to significant growth and global expansion.

The development of core businesses has resulted in the emergence of a number of exceptional opportunities for compliance professionals to join the organisation's central compliance and business divisions.

Ideally, candidates will possess an accountancy, legal or consultancy background gained within a major firm, financial institution or regulatory body, coupled with a sound knowledge and experience of the following areas:

- Rules of the Securities & Futures Authorities and Stock Exchange
- Domestic and International Securities, Derivatives and Commodities Markets

Successful applicants will be expected to work independently in the development of policies and the running of projects on a pan-european basis and, as providers of compliance services, will need to develop and sustain in-house relationships at all levels, as well as external relationships with regulatory bodies and clients. It is therefore essential that candidates can demonstrate academic aptitude, sound commercial awareness, ambition and the interpersonal skills to succeed within a team orientated environment.

This assignment is being handled exclusively by **Nicola Will (Banking Division)** and **Simon Hankey** on behalf of **Robert Walters Associates.** For further information, in complete confidence, please contact them on 071-379 3333 (confidential fax 071-915 8714), or write to **25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

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There are few other assignments which afford such extensive opportunities to develop strategic and operational skills. The objective of this position is to provide constructive recommendations and assistance to management through analysis of its operating, monitoring and accounting practices.

Key Tasks Include:
- Development, planning, supervision and documentation of assigned audits
- Designing recommendations for improving corporate profitability
- Assessing the status of significant recommendations and communicating the progress made to Top Management
- Participating with the financial management group in addressing strategic issues
- Assisting in training personnel
- Performing special examinations and investigations

Required Qualifications:
- Accounting, manufacturing or related business degree or equivalent work experience gathered in approximately 5 years of working experience in an international company
- Familiarity with European accounting and MIS theories and practices
- Experience with audit theory and concepts, including computerized audit tools
- Thorough understanding of internal control procedures and methods, including computerized controls
- Ability to assess risk and design appropriate tests and recommendations
- Aptitude for working effectively with upper level management and in various cultural environments
- High level of written and verbal communication skills, including an excellent command of English and an understanding of German and a second European language
- Willingness to live in Germany and travel approximately 40% of the time

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Henkel-Ecolab is one of the leading international specialists in the field of hygience/technical purification. Recognition and encouragement of individual initiative and personal commitment ensures further company growth and gives employees the opportunity to develop.

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We will handle your application in complete confidence and reply immediately.

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(Accounting, MIS or related degree/equivalent work experience)

Henkel-Ecolab GmbH & Co. oHG
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Are you interested in working with highly motivated managers who are making a considerable personal investment in studying for a management qualification in their spare time?

The Open Business School has approximately 20,000 registrations a year from such managers on its Certificate, Diploma and MBA programmes and has vacancies for part-time tutors in many areas but particularly finance throughout the UK and in major European cities. In particular, we are looking for tutors resident near Barcelona, Brussels, Dusseldorf, Frankfurt, Geneva, Hamburg, Lisbon, Luxembourg, Milan, Munich, Paris, The Hague, Vienna and Zurich.

The tutor's role is to run a limited number of group tutorials, mark and comment on assignments, provide occasional telephone support and teach at residential schools. These activities generally take place outside normal working hours.

The ideal tutor has considerable management experience, teaching or training experience and a relevant management or professional qualification. He or she has skills in facilitating small group learning and enjoys developing managers.

Appointments will be made in early Autumn for courses commencing November 1994 (Certificate and Diploma) and February 1995 (MBA).

To obtain the application package, please send your name and address on a postcard to:
The Tutors' Office (Ref: OBS/FT),
The Open University, PO Box 473,
Walton Hall, Milton Keynes MK7 6BJ.

The Open University

As part of the University's Equal Opportunities Action Plan we are striving to provide a barrier-free working environment and we therefore welcome applications from disabled people.

Equal Opportunity is University Policy

Bloomberg
BUSINESS NEWS

Editors

Global News Service — **Based London**

Bloomberg Business News, a 24-hour global news service, seeks experienced editors for its London bureau.

Qualified editors will have at least three years experience at a top financial news service or newspaper and will have in-depth knowledge of the business world and financial markets of at least one major European country.

Candidates with strong knowledge of London's financial markets and U.K. companies are especially sought.

Depending on experience, responsibilities will range from line-editing copy to making assignments and managing a reporting staff that files from 12 European bureaus through a central editing desk in London.

Interested applicants should send or fax resumés and any clips to The Freshman Consultancy, quoting reference FT/5/94.

FRESHMAN

The Freshman Consultancy, Coppergate House, 16 Brune Street, London E1 7NJ.
Telephone: 071-721 7361 Facsimile: 071-721 7362

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Our client is a leading UK name with a highly regarded research product distributed internationally. As part of their increasing integration of securities and corporate finance they wish to strengthen their coverage of certain major sectors and seek several outstanding analysts.

You should be a numerate graduate, aged 27-32 with a minimum of three years equity research experience. Current sector of specialisation is less important than your ability to grasp the dynamics of a major industry, analyse its companies in perspective and produce high quality research.

For an initial discussion in confidence, please contact us quoting ref 4945 at 20 Cousin Lane, London, EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

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Il candidato dovra' essere fluente in Italiano ed Inglese.

Si prega di inviare un C.V. e dettagli di retribuzione attuale a Box A2018, Financial Times, One Southwark Bridge, London SE1 9HL

Senior Product Manager

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Since 1968 J P Morgan has operated Euroclear, the world's largest clearance and settlement system for internationally traded securities. The firm's recruitment policy of developing individuals of the highest calibre has been a significant factor in its success. To facilitate this process there is a requirement for an exceptional Senior Product Manger/Research Manager to be based in Euroclear in Brussels.

A strategic role of this nature will require a graduate, preferably with an MBA or accounting qualifications, with approximately 5 years industry exposure and product knowledge. It is likely that this person will currently be working for a global custodian and have experience in either product management, operations or a network management function. Fluency in a second language would be advantageous.

The successful applicant who will have excellent verbal and written communication skills along with the poise and ability to communicate with staff and clients at all levels, will be:

- Experienced in the custody industry with emphasis on portfolio servicing including:
  - Corporate actions and income processing and reporting.
  - Securities and position management.
  - Enhanced reporting.
- Familiar with key players in the international securities industry.
- A proven performer in the field of project management.

The position offers excellent career potential within the firm's international network. In addition to a basic salary the package will include a performance related bonus and the full range of benefits.

Interested candidates should write to our consultant, George Corbett, enclosing a full Curriculum Vitae, at BBM Associates Ltd., 76 Watling Street, London EC4M 9BJ. All applications will be treated in the strictest confidence.

JPMorgan

ECONOMIC ANALYSIS

RESEARCH ASSISTANT

Goldman Sachs enjoys a global reputation as one of the world's leading securities and investment banking firms. This reputation is built upon the skills, creativity and dedication of its people and can only be maintained with a commitment to recruit the best person for every job. This commitment is reflected in the quality of our research which is an essential ingredient in our continuing success.

Our Economics Department now seeks a talented young research professional to join their established and successful economic research group. The role is a demanding one with fixed monthly deadlines requiring excellent PC skills and a capacity for long hours. Responsibilities will include contributing to economic research projects primarily focused on the collection and analysis of relevant data, and co-ordinating the production of subsequent research reports. Reporting to the head of the Economics Department, the incumbent will be expected to perform a broad research assistance role for the group as a whole.

To be considered for this position you must possess a relevant degree, and preferably have at least 1-2 years experience in a similar role within the financial services or public sector. In addition you must be highly numerate and PC literate.

An excellent compensation package is offered reflecting the calibre of individual we wish to attract.

Please apply in writing, enclosing a full curriculum vitae and quoting reference G320205/5 to: Jo Sutherland, Barkers Response and Assessment, 30 Farringdon Street, London EC4A 4EA. Tel: 071-306 0678.

Goldman Sachs

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BUSINESS ANALYST

c.£25K

In the face of competitive tendering for local government services, Birmingham Housing Department has more than held its own - developing commercial practices that have helped retain contracts in-house. Having already bid successfully for several key services within the Department, we are now determined to extend this record to our other business areas.

Building on this foundation of experience of CCT and extensive business planning processes, your brief is to make sure that we continue to develop our success. A role with real commercial challenge true, but also other critical responsibilities - such as helping us maintain our commitment to social housing, and improve management services to over 106,000 council-owned properties.

Clearly, such an objective will only be achieved by balancing public accountability with commercial viability. Working at the hub of our business planning process, you will bring these two together - in particular by evolving practices to sharpen up our work (but never at the expense of our principles). Among other elements, this will involve competitor and market analysis, and - in close liaison with business managers - assisting in completing a review of our own internal procedures and practices: no small task in a business with a 'turnover' of some £383 million.

An influential team player, your authority will be derived from your interpersonal skills and expertise. A confident and articulate individual therefore, you'll need a proven track record in business planning, ideally supported with an MBA and/or experience as a management accountant. We're interested in talented people from any background, but clearly, if you know our business already then that will be an advantage.

If so, you could be instrumental in advancing further our commercial edge. You'll also find professional reward and development. The job is offered on the basis of a 3 year fixed term contract, with the possibility of a permanent appointment.

Informal enquiries to Adrienne Roberts, Head of Business Services, on 021-235 4545

Application forms and further details are available (quoting ref. H153) from Personnel, Housing Department, Louisa Ryland House, 44 Newhall Street, Birmingham B3 3PL, or telephone 021-235 4053/021-235 3971 (24 hour answerphone).

Closing Date: 6th June 1994.

Birmingham City Council

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As part of the world's largest independent investment management organisation, **Fidelity Investments** can offer the opportunity and the environment in which both your individual and company objectives can be achieved. To meet their continuous and innovative product development targets **Fidelity** has created a new department focused on its Money Funds, and is now seeking to complement its team with a high calibre Money Markets professional.

The position involves:

- Managing and developing a team of Money Market Dealers/Analysts.
- Constructing investment trading strategies to maximise client returns.
- Developing the Money Market product range. with the Portfolio Manager.

The ideal candidate will be a professional Money Market Manager, with:

- A Degree or relevant, Banking or professional qualifications.
- Extensive knowledge of International Money Market instruments.
- 5 years post qualifications experience in either international portfolio management or Money Market trading.

The successful candidate will also be able to demonstrate a balanced range of personal attributes - strong communication, presentation and persuasive skills - combined with an ability to see finer points of detail as well as the broad picture.

If you fulfil the above criteria, please send a current Curriculum Vitae to our Advising Consultant Jackie Osborne at

Michelangelo Associates, 36 Whitefriars Street, London EC4Y 8BH. Fax: 071 583 6531.
All direct responses will be forwarded to Michelangelo Associates.

Fidelity Investments

CITIBANK

We are the largest bank in Germany which concentrates on offering a broard range of products and services exclusively to private consumers in over 300 branches. Our innovative banking technology and our emphasis on customer service has resulted in the tremendous growth of our business in the past.

We are looking for a motivated professional to join our Treasury team as a

Chief Dealer
Düsseldorf, Germany

Your responsibilities

As head of the treasury transaction unit and manager of a team, you will manage the interest and FX rate risk and ensure the liquidity position of all German consumer vehicles. Using treasury MIS you will develop funding/exposure managment recommendations and hedge capital exposure. As well as being responsible for the investment and held-for-sale bond portfolio you will be expected to deliver a well-running security brokerage service and assist in the development of the risk managment function.

Your profile

You possess a business / economics / banking - related degree and have already gained several years of work experience either in derivatives trading, balance sheet managment and/or securities brokerage. You have extensive knowledge of money markets, risk managment and deratives and have gained experience in managing people. Ideally you will possess at least a good working knowledge of both German and English languages

Your benefits

We will provide you with an interesting and varied position within a team of Treasury professionals. Within our successful and innovative organisation we can offer good personal development opportunities and international career perspectives. You can expect an attractive salary package and extensive fringe benefits.

If you are interested, please send your C.V. and a covering letter with details of your salary history to Citibank Privatkuden AG, Bereich Personal, Kascmenstrasse 10, 40213 Düsseldorf. If you have any questions, please do not hesitate to contact Alison Benjatschek, Tel: 0211-8984-475.

CITIBANK
So leicht geht das.

Private Banking Operation
Credit Analyst

Circa £50,000 **Luxembourg**

Our client is the private banking arm of a major investment house and services high net worth individuals throughout the world. The Bank is poised for rapid growth and now seeks an experienced Credit Analyst to augment its existing team. The successful candidate will be competitively remunerated and will receive full assistance with relocation expenses.

THE APPOINTMENT

- Evaluate and approve credits and feasibility of supporting collateral.
- Work proactively with marketing officers worldwide to ensure further profitable growth of the business.
- Develop and apply risk evaluation tools and credit policies for loan and portfolio analysis.
- Manage and develop a small team of credit administrators.

THE REQUIREMENTS

- A graduate with at least five years' experience in credit and risk analysis.
- Broad understanding of financial markets and products and ideally some exposure to secured lending.
- Highly analytical with well developed communication skills and a strong profit orientation.
- Fluent in English, preferably with a command of French and/or German.

Please apply in writing with a full CV and salary details, quoting reference 90728/A, to Susannah Truswell.

K/F Associates, Regent Arcade House, 252 Regent Street, London W1R 5DA.

K/F ASSOCIATES
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FIXED INCOME ARBITRAGE

International Investment Bank – London based
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An opportunity has arisen for a numerate investment professional to join the highly successful proprietary trading team of a London based international bank. The department has a significant and long established presence in the fixed income markets of both the US and Europe, with a particular emphasis on credit and anomaly-driven arbitrage trading. It wishes to expand its coverage of the Eurobond market.

The Position
You will join a young, enthusiastic and analytically talented team with a wide ranging mandate, in which individual initiative is actively encouraged.

Ultimate responsibility will be for running a number of multi-currency fixed income arbitrage books, as well as actively participating in the team's investment activities. Formal training will be provided, but responsibility will be given quickly and you will be expected to develop further our Eurobond arbitrage business.

Qualifications
A numerate and spreadsheet-literate graduate, you will have had a minimum of three years' experience in credit/capital markets at a major financial institution, ideally including some demonstrable involvement with fixed income products. Experience of corporate credit analysis, preferably after formal credit training, would be an advantage.

Please write, with full cv, to Alun D. Spillman, Director, Ref: 6019, Versutus Advertising, 1 Hurst Court, High Street, Ripley, Surrey, GU23 6AY. In a covering letter, please state any company to which your application should not be sent.

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If you are interested in joining our growing, professional organisation, please write with full CV to the Personnel Department, Allied Provincial Securities Limited, 51/55 Gresham Street, London EC2V 7EH.

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North/South

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■ Continued expansion has created two new positions in one of the UK's leading financial services organisations. The company provides credit to a national network of motor dealerships and is seeking to strengthen the regional teams with these two key appointments.

■ You will be required to work closely with the Dealership network providing a focal point for all aspects of funding and risk control. This will entail annual reviews, monitoring existing and negotiating new facilities, and identifying and reporting on variances. This is a home-based role which will require substantial travel in your region.

■ Candidates should have a full understanding of risk-management, negotiating securities and interpreting balance sheets and other financial statements. Knowledge of commercial lending or the motor trade would be beneficial, but is not essential. You should be qualified (or part qualified) in accountancy or be an ACIB, and be seeking to develop your career within a dynamic commercially-orientated business.

■ The company offers an excellent benefits package, including attractive salary, bonus, car, BUPA, preferential mortgage scheme, and contributory pension scheme.

■ *Please send your CV, in confidence to: Tim Smith, Theaker Monro & Newman, Regency Court, 62-66 Deansgate, Manchester, M3 2EN quoting current salary and ref: 3079.*

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SHIP FINANCE MARKETING MANAGER
London

A substantial shipping organisation, established in London for nearly 80 years, seeks to appoint a Ship Finance Marketing Manager. The candidate should be a mature person able to deal diplomatically with foreign nationals and should have a substantial career record in banking or venture finance. The job will entail a considerable amount of travel and involvement with Eastern Europe.

The company already has a well-established and highly successful Marine Insurance Division but now wishes to set up a dedicated Ship Finance Division to benefit from its excellent relationship with many foreign shipowners.

This position represents an exciting challenge and an opportunity to be involved in large projects such as the replacement of the CIS merchant fleet. An attractive remuneration package will apply with usual large company benefits.

Applications in writing to:

Box A2026, Financial Times, One Southwark Bridge, London SE1 9HL

SALES EXECUTIVE/EMERGING MARKETS

A leading firm of international stockbrokers, based in the City of London, is seeking to recruit a sales executive to join their rapidly expanding Emerging Markets division. Applicants, in addition to being degree qualified, will have a minimum of five years experience in Corporate Finance/Broking, significant knowledge of the financial markets of Taiwan and Greater China and be able to converse fluently in both Mandarin and English. Candidates will have excellent marketing skills and be able to demonstrate the drive and determination to succeed in this fast-moving and exciting market. The salary and an attractive benefits package will be commensurate with the required skills and experience.

Applications should be submitted in writing, enclosing a current CV, to: Box A2027, Financial Times, One Southwark Bridge, London SE1 9HL

Kredietfinance Corporation Limited, Guildford

credit manager

attractive salary + car + bonus

Kredietfinance Corporation Ltd is the UK leasing subsidiary of Kredietbank NV, based in Belgium and one of Europe's most progressive banks. Kredietfinance Corporation Ltd operates three main trading divisions, Corporate Finance, Wholesale Finance and Commercial Mortgages.

As part of its commitment to expand its business within the UK market, Kredietfinance Corporation Ltd now seeks to recruit an experienced Credit Manager.

the position

Reporting to the Head of Credit & Operations, the Credit Manager will be responsible for the consistent application of the company's credit policies, the efficient communication of these policies to all the company's introducing sources and to ensure the Credit Department is fully capable of responding to the demands of customers and intermediaries. The Credit Manager will also be responsible for the accurate documentation and underwriting, within mandates, of all applications received and for supervision of a small team of experienced analysts.

the profile

The ideal candidate will have a minimum of 5-7 years experience gained within a leading finance house, leasing company or bank. This important role requires a detailed technical knowledge of leasing finance and documentation, a hands on management style combined with the ability to work under pressure and to effectively communicate credit decisions to all levels. The position offers excellent opportunities for further career development.

If you are interested in the above position please send your CV to Head of Credit at the address below or call Olan Cremin on 0483 504290 for an initial discussion.

Kredietfinance Corporation Limited, 14-15 Quarry Street, Guildford, Surrey GU1 3UY

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The rewards are a stimulating and varied career with excellent prospects in an open and meritocratic structure.

Please send a comprehensive CV, quoting reference 3392 to: Stuart Rosen, Touche Ross Consultancy Recruitment, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

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Our client is an international FMCG group and has recently acquired 100% and 65% of two tobacco processing operations in the Ukraine. They now wish to appoint two

GENERAL MANAGERS

on a two year contract basis to act as internal consultants in the areas of commercial management and MIS development and to provide overall business assistance to the Russian Managing Director at each site. The appointed candidates will be involved in the day to day decision making in respect of resource management, investments, financial management and operational control.

The ideal candidates will be mature businessmen (age 55/60) who have a proven track record in the successful integration of East European businesses into western operations. They will be excellent communicators and will be able to achieve through persuasion. They will be analytical and will have sound commercial kowledge and a good understanding of the financial aspects of manufacturing operations. A good knowledge of Russian and/or Ukrainian is essential.

An excellent expatriate remuneration package is on offer.

Please write in confidence, enclosing career and salary details to:

Management Select, A-1190 Vienna, Gatterburggasse 6, AUSTRIA
Tel: ++43 1 369 87 50 Fax: ++43 1 369 87 52 14

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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

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Andrew Skarzynski on 071 873 4054
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Joanne Gerrard on 071 873 4153

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Our client manages investment trust, unit trust and life assurance funds as well as dealing portfolios, which are very active and invested in the full range of markets and instruments. The brief is broad, with responsibility for tracking the trading processing for equity and bond settlements, with active FX support, corporate actions and cash management. Applicants must have a minimum of 3 years' global markets settlements experience, with a focus on FX and a knowledge of futures margining and payments. This experience is likely to have been gained with a fund management house or in trade settlements with a custodian bank. The department works as a team and we seek a candidate with strong supervisory and computer skills, who will be prepared to cover for the Manager in his absence and to train in all aspects of the work. Initial remuneration is negotiable £25,000-£30,000 and good benefits package.

Applications in strict confidence under reference GSS384/FT to the Managing Director, ACP.

CORPORATE FINANCE

Exceptional Career Opportunity

Our Corporate Finance Unit is the leader in Ireland today. Our activities include acquisitions and mergers, public issues, project finance and general financial advice. Our clients are Ireland's major companies in both the private and public sectors.

We now seek to recruit an executive for our Belfast office. Candidates will be Honours Graduate in the 28/32 age group, and ideally have an M.B.A. or other post graduate qualification. Previous experience is essential.

Determination, good communication skills, self reliance and commitment are essential qualities for assured success in this position. The ability to work as a member of a team with minimum supervision is also required.

We offer excellent career opportunities and a first class benefits package. If you feel that your background meets the requirements of this demanding position, please send a detailed curriculum vitae to:

Mr. F.J. Healy,
Associate Director - Personnel,
The Investment Bank of Ireland Ltd,
26 Fitzwilliam Place,
Dublin 2, Ireland.

IBI

THE INVESTMENT BANK OF IRELAND LIMITED

THE CONSULTING GROUP
(INTERNATIONAL) LIMITED

Branch Manager, Retail Sales
i.r.o. $110,000 pa + bonus

Our client, a leading international broking firm, wishes to recruit a Branch Manager for their retail broking operation, based in Central London. To manage this office, which currently employs 40+ sales professionals producing in excess of $15 million pa in sales commissions, they are looking to appoint an experienced Retail Sales Manager, who will be able to build on the branch's success in marketing the full range of the company's sophisticated financial services products to an extensive international client list.

The successful candidate will have a proven track record and a minimum of 7 years' North American experience in a similar position with a major US broker/dealer. The appointee must be able to demonstrate solid career progression with recent experience of recruiting, managing and motivating a Financial Services sales and marketing team, identifying new client prospects and investment products to achieve maximum market penetration in this extremely competitive sector whilst containing costs and managing P&L. Minimum qualifications are Series 8 (Branch Manager).

If you believe that you have the management skills and market expertise required to make an immediate impact in this highly regulated environment, please contact:

Mr Peter Evans, Managing Director,
The Consulting Group (International) Limited,
98 Cannon Street, London EC4N 6EU. Tel: 071 929 0001 Fax: 071 929 0002.

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TOWRY LAW

Towry Law Financial Planning Ltd - International Division is part of the Towry Law Group, one of the UK's leading independent financial service organisations. Committed to the on-going development of our international client base, we are seeking to strengthen the International Team with high calibre professionals capable of making a major contribution and reaping significant rewards.

International Financial Consultants

OTE Average £60K UK Based

Your brief will focus on the provision of a first class financial planning service to both existing and prospective personal and corporate internationally based clients. Providing an astute and well researched service, regarding clients' existing portfolios, you will continually seek to develop new business opportunities.

A naturally persuasive and confident communicator, in addition to liaising directly with clients you will seek to establish new business leads from marketing and seminar activity, which you will run two/three times a year. Outstanding communication and public speaking skills are therefore imperative and will enable you to present your services and those of Towry Law to International audiences.

Clearly these are no ordinary consultancy roles. We require mature, articulate professionals capable of identifying suitable products through liaison with European investment groups or by talking to European companies about their product portfolios. The ability to prepare articles for appearance in the media will be a further requirement.

To succeed, full FIMBRA membership plus a minimum of 3 years experience in financial services is essential and must be supported by a particularly high level of technical knowledge, especially in the areas of:

- Single premium bonds
- Offshore funds (UCITS) through management services
- Retirement savings plans
- Offshore tax shelters
- Inheritance tax planning.

A lateral thinker who thrives on making things happen, experience of working abroad and knowledge of a second language would be an advantage as approximately a third of your time will be spent overseas. The possibility exists that you will be required to live permanently outside of the UK.

If you possess the impressive track record that these opportunities demand, you are invited to forward your letter of application and CV to Alison Cripps, Divisional Director, Towry Law plc, Towry Law House, 57 High Street, Windsor, Berkshire SL4 1LX.

Talk to Towry Law

Independent Professional Advice

Towry Law Financial Planning Ltd - *International Division*
A Fimbra Member

Established since 1958 with offices in Windsor, Edinburgh, Glasgow, Leeds, Birmingham, Belfast.

CORPORATE FINANCE EXECUTIVE

Over the past two years Guinness Mahon & Co. Limited has re-created a track record of Corporate Finance business principally acting for medium-sized quoted companies. During this period its client list has grown very substantially and, consequently, the Corporate Finance Department makes a major profit contribution to the Merchant Bank. Continuing high levels of activity mean that the Corporate Finance Department now requires an additional executive to work alongside the directors and their junior colleagues. The Corporate Finance Department is structured and managed to provide maximum opportunities for involvement in all aspects of Corporate Finance activity.

Applicants should be newly qualified accountants, articled with one of the leading U.K. firms, with first time passes, impeccable academic qualifications and advanced computer modelling abilities. Good communication skills, flexibility and the commitment to work in a demanding and pressurised environment will also be essential. Remuneration will be in line with market rates, but significant bonuses could be available since these are directly linked to the Corporate Finance Department's performance.

Please apply in writing with a full CV to:-

Veronica Burwood
Director, Group Personnel
Guinness Mahon & Co. Limited
32 St. Mary at Hill
London
EC3P 3AJ

STRICTLY NO AGENCIES

GUINNESS MAHON & CO. LIMITED

As one of the world's premier financial institutions, GE Capital enjoys a reputation for excellence. Their European Vendor Financial Services division is a leading provider of sales financing programmes for manufacturers and distributors within a wide range of sectors including IT, office technology, healthcare and industrial equipment. Now, a strategic centralisation of service functions within the UK has created another rare and highly demanding career opportunity within their German region for an exceptional

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Attractive Package

London

Your brief will centre around the analysis and approval of credit applications, carefully assessing and collating all relevant business information and legal and tax implications before recommending appropriate deal structures.

To date, your career will highlight your wide-ranging experience of credit gained within the Banking or Leasing field in Germany or the UK, and your intimate knowledge of German business culture and etiquette will prove invaluable to your success.

Naturally, fluent German will complement your effective communication skills as you negotiate credit issues and reviews with a variety of vendors and customers, and your assistance of the internal collections department will be welcomed in client discussions.

An attractive benefits package including full relocation assistance is applicable.

Please contact our consultant Ruth Almond at CSA Management Consultants on 0256 - 818811 or write to us enclosing a full CV to Vickers House, Priestley Road, Basingstoke, Hants RG24 9NP.

USA

*GE Capital

An Equal Opportunity Employer.
*Not connected with the English company of a similar name.

APPOINTMENTS WANTED

GERMANY

RETIRED PILOT, BRITISH SUBJECT, RESIDENT OF GERMANY FOR THE PAST 28 YEARS. FLUENT GERMAN, WITH COMPLETE FURNISHED OFFICE INCLUDING COMPUTER AND FAX. LOOKING FOR SOME TYPE OF LUCRATIVE OCCUPATION, MAYBE ASSISTING A UK FIRM SEEKING A FOOTHOLD IN GERMANY.

PLEASE FAX: 010-49-6183-75162

WRITER: MARKETING & PR

CSC Index, the international management consultancy that pioneered Business Reengineering, has a reputation for innovation, creativity and an unconventional approach to problem-solving. We would like to add some equally exceptional writing and press relations skills to our marketing team.

Based in central London, the successful candidate will work closely with the marketing communications manager to help promote the firm and its services in Europe. Primary responsibilities will include writing articles and case studies for the company's publications and for outside journals; creating brochures, mailshots, and other marketing materials; and liaising with the press.

The ideal candidate will have:

- Senior level experience in business journalism, marketing and/or public relations.
- Excellent writing skills and the ability to turn complex concepts into prose that senior business executives will find compelling.
- The ability to work independently and proactively.
- Well-developed interpersonal and communications skills.
- A good degree, preferably in communications or journalism.
- Fluency in German and French.

Salary and benefits package are highly competitive and include bonus, car, contributory pension and life assurance scheme, permanent health insurance and medical health insurance.

Written applications, enclosing detailed CV, writing samples and any other relevant information, should be sent in the first instance to: Richard Gaskell at Chartwell Search & Selection Ltd, 28 Mortimer Street, London W1N 7RA. Tel: 071-636-5444.

CSC | Index

INTERNATIONAL ECONOMIST – BONDS

London

Société Générale Strauss Turnbull Securities (SGST) is the London securities arm of the Société Générale group, and is a leading player in bonds, equities and derivatives.

As part of the expansion of the Bond Division of SGST, we are looking for an international economist to assist the Senior International Economist in the analysis of the major international bond markets.

The position requires a good understanding of macro-economics coupled with the ability to express ideas about market trends in a way that is readily accessible to both our customers and our dealing room. It is a vital part of the job to be able to write clearly and to meet deadlines. Previous knowledge of the bond markets would be useful but is by no means essential.

Academic requirements for the position are a good first degree in economics and preferably also a Masters degree. The successful candidate is likely to be in his/her mid twenties with two to three years experience in either the public or private sector. A competitive salary package will be offered.

Applications, enclosing a CV and details of current salary package, should be addressed to: Dr Brian Hilliard, Senior International Economist, Société Générale Strauss Turnbull Securities, Exchange House, Primrose Street, Broadgate, London EC2A 2DD.

SOCIETE GENERALE STRAUSS TURNBULL SECURITIES LTD

Société Générale Strauss Turnbull Securities Ltd is a member of the Securities and Futures Authority, the London Stock Exchange and International Securities Market Association

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INSTITUTION FINANCIÈRE INTERGOUVERNEMENTALE REGROUPANT 22 PAYS MEMBRES

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BILINGUE FRANÇAIS-ANGLAIS
NATIONALITÉ EUROPÉENNE

■ TRÉSORIER FRONT-OFFICE

35 ans ou plus, vous avez des responsabilités dans la Direction des Marchés Internationaux d'une banque ou dans la Direction de la Trésorerie Devises d'une organisation ou d'une entreprise multinationale et avez une expérience diversifiée des marchés financiers ainsi qu'une bonne connaissance des produits dérivés. Homme de dialogue, vous êtes reconnu pour votre fiabilité et la sûreté de votre jugement.

Venez rejoindre notre Direction Financière qui gère une trésorerie en devises de plusieurs milliards d'Ecus et des émissions à court terme sur le marché des Euro-obligations et contribuer activement à l'Assets Liabilities Management (ALM) de l'Institution. (réf. 542/TF)

■ SPÉCIALISTE BACK-OFFICE (TRÉSORERIE)

Agé de 35 ans ou plus, formation supérieure, vous avez une maîtrise diversifiée des opérations de marchés (devises, obligataire, produits dérivés) et avez une expérience minimale de sept ans de la gestion du back-office d'une salle de marchés ou d'une trésorerie de groupe international et de son informatisation. Rigoureux et résistant, on vous reconnaît excellent organisateur et animateur d'équipe.

Venez participer au renforcement et à la gestion du système de traitement et de contrôle des opérations de trésorerie. (réf. 542/SBO)

■ Les deux postes relèvent du statut de Fonctionnaire International.

Merci d'adresser votre dossier de candidature (CV + rémunération actuelle + n° de téléphone) en précisant sur l'enveloppe la réf. du poste choisi à COMMUNIQUE - 50/54 rue de Silly 92513 BOULOGNE BILLANCOURT Cedex - FRANCE.

MEDIAPA

BBC NEWS & CURRENT AFFAIRS

Presenter/Correspondents

Lunchtime Business Programme

News and Current Affairs is looking for three presenter /correspondents for its new lunchtime business programme to launch in September. Applicants will need extensive knowledge of at least one of the following subjects:

Business and Industry
Finance, Markets and the inner workings of the City
Personal Finance and Consumer Affairs

They will already be working as journalists or similar in these fields, but not necessarily in broadcasting.

We want people with a well-worked contacts book and a desire to transfer their experience to network television.

The daily programme will report all these subjects in their broadest sense from all over Britain. The programme will also report on new technology and its business implication.

These posts will be offered on a fixed-term contract basis.

Experience is likely to merit a salary package in excess of £40,000 p.a. Based London.

For further information contact the Editor, Paul Gibbs c/o *Business Breakfast*, Room 7095, Television Centre, Wood Lane, London W12 7RJ. Tel: 081 576 7232

For an application form send a postcard (quote ref. 15259/F) by May 19th to BBC Recruitment Services, PO Box 7000, London W12 7ZY. Tel: 081–749 7000 Minicom 081–752 5151.

Applications would be particularly welcome from suitably experienced women, people from ethnic minorities and people with disabilities who are currently under-represented at this level in News and Current Affairs.

Application forms to be returned by May 23rd.

WORKING FOR EQUALITY OF OPPORTUNITY

MERIDIAN

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£25,000 + Package

Top int'l investment bank based in London is recruiting a graduate to work alongside a renowned Economist. You will need at least one year's experience ideally with an investment house or government body.

Please call **Alex Sheffield**
on 071 255 1555
(24 Museum Street,
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In confidence, please write to:
Personnel Officer, Clifton Stockbrokers Ltd,
5 Parkhill Road, Torquay,
Devon TQ1 2AN

Investment Analysts

US Equities
Age 23-28

Our client, a major British stockbroker, has a number of vacancies for investment analysts to join their expanding North American department. One will have specialist knowledge of the energy sector.

The firm plays a major role in raising equity and long-term debt finance for British and overseas companies, including US corporations. It has a significant and expanding international business and has a substantial commitment to equity research.

Candidates will naturally be fully conversant with the US investment scene and will be well equipped to represent the firm at meetings in North America. Aged 23-28, they will have a high standard of education and a good degree. They are likely now to be working with a major investment institution. This could be either a bank or an insurance company. However, candidates from other relevant backgrounds, including accountancy, will be considered. This is a career opportunity and calls for confident, presentable, highly numerate individuals with first-class communication skills.

Please apply to: Jock Coutts, Career Plan Ltd., 33 John's Mews, London, WC1N 2NS.

Tel: 071-242 5775. Fax: 071-831 7623.

Career plan

Personnel Consultants

Norges Bank, the Central Bank of Norway, is an executive and advisory body for monetary, credit and foreign exchange policy, and has a key role in the country's payments system.

Translator

Information Department

Norges Bank (the Central Bank of Norway) has two full-time positions for translators working from Norwegian into English. The translators' duties primarily entail translation of economic texts, essentially relating to monetary, credit and foreign exchange conditions. They also work closely with the central bank's printing department during production of the bank's English-language publications.

■

Norges Bank seeks a translator to fill one of the positions which becomes vacant on 1 June this year. Applicants should have English as their mother tongue, proven knowledge of economics and translating experience in this field.

■

The ideal candidate will be service-minded, well-organised and have highly developed interpersonal skills.

■

Interested applicants can contact Liv Kielland, Head of Information on +47 22 316 274, or Peter Thomas, Translation Manager on +47 22 316 282 for further details, or send a fax to +47 22 316 410.

■

Applications with a full CV should reach Norges Bank, P.O. Box 1179 Sentrum, 0107 Oslo, Norway, by 25 May 1994.

NB NORGES BANK

Investment Analyst

Continental European Equities

Our client, one of the UK's leading investment management organisations, has a requirement for an investment analyst to assist in the research and selection of stocks for its substantial Continental European equity portfolios.

The company, which is City based, invites applications from graduates either currently working in investment research or from those with around 1 year's experience in other areas of financial services who are keen to move into investment management. Candidates must possess well-developed analytical and communication skills, be highly numerate and have a team-minded approach.

The company offers a competitive salary and benefits package and excellent future career development opportunities. To apply, please write in confidence to:

IMR Recruitment Consultants, 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW. (tel: 071-872 5447)

I M R
INVESTMENT MANAGEMENT RESOURCES

ORD MINNETT

Ord Minnett, an affiliate of the Jardine Fleming Group, is one of Australia's consistently top-ranked investment banks.

We are seeking an equity analyst to join our London based international mining team in the role of:

BASE METAL MINING ANALYST

The applicant will assist the team in providing a global perspective on international resource companies. Ideally, the applicant should have solid investment experience in the Australian, European or North American mining sectors.

This position offers the right candidate an outstanding career opportunity.

Please send your CV and supporting details to:

Mr David Garrard, Managing Director
Ord Minnett Limited, 1 College Hill, London EC4R 2RA

WANTED

INVESTMENT CAREER OPPORTUNITIES IN SCOTLAND

THE COMPANY

Based in Perth and one of the UK's major insurance companies, General Accident p.l.c. employs around 25,000 people in over 40 countries worldwide with a branch network throughout the UK.

As one of the UK's leading financial institutions, we are a major fund manager in our own right with over £7bn of funds under management from Perth.

THE JOB – Fund Manager / Senior Analyst – UK Equities

A top quality individual aged mid 20s to mid 30s with at least 5 years' experience of UK equity analysis is required for a senior position within the UK equity section. Applicants should be educated to degree level and be Associate members of the IIMR or equivalents.

THE BENEFITS

The company offers a first class benefits package which includes performance related pay, subsidised mortgage, profit sharing scheme, non-contributory pension and assistance with relocation expenses where applicable.

The purpose built Head Office further provides excellent working facilities including an extensive sports complex.

Please apply in writing with full Curriculum Vitae by 27th May to:

Doreen Fell
GA Investment Management Services Ltd.
General Accident
Pitheavlis, Perth, Scotland PH2 0NH

GA
General Accident

COMPLIANCE EXECUTIVE

Competitive Package — London

Barings is a global investment banking group combining the merchant banking business of Baring Brothers and the international securities business of Baring Securities.

To further the development of our compliance department, we wish to recruit a compliance executive. Reporting to the Head of Compliance, this role will provide an opportunity to work as part of a team with responsibility for all aspects of the investment banking business.

The successful candidate will have a good working knowledge of the SFA rules, in particular those involving client money and conduct of business. Knowledge of the Yellow Book and the TAKE-OVER CODE would be an added advantage. Self-motivation and excellent communication skills are essential for this role.

Candidates should be of graduate calibre (possibly with a professional qualification) with at least two years' compliance experience gained with either a regulator or a banking or securities house.

Interested applicants should send a full CV including current salary details to: Ms Narinder Gill, Personnel Department, Barings Securities Limited, 1 America Square, London EC3N 2LT.

BARINGS

DEPUTY GENERAL MANAGER

£ EXCELLENT PACKAGE — **BARROW-IN-FURNESS CUMBRIA**

The Furness Building Society is seeking to appoint a Deputy General Manager

This is an exceptional opportunity to join, at executive level, a progressive organisation with assets exceeding £330 million.

The position entails direct involvement in every aspect of managing a traditional, independent building society with an extensive regional presence in Cumbria and the North West.

The successful applicant will have appropriate professional qualifications and experience. Please forward full personal and career details, including current remuneration, in confidence to:

Mr. J W Wood,
General Manager,
Furness Building Society,
51-55 Duke Street
Barrow-in-Furness,
Cumbria
LA14 1RT

FURNESS BUILDING SOCIETY

UK FIXED INTEREST RESEARCH

AMP Asset Management is a major City-based fund management operation, with £18 billion in funds under management invested across all major international markets. We are part of the worldwide group of the Australian Mutual Provident Society. We are currently seeking to recruit a **bond specialist** to join our UK Fixed Interest team and participate in our continuing success in marketing products in this area. You would have responsibility in three areas:

- enhancing the decision-making process through economic and bond modelling
- researching world-wide bond markets for innovative fixed interest products
- producing "value-added" analysis for clients

You will have **at least two years experience of fixed interest markets**, a degree in mathematics, statistics or a related discipline, strong PC skills and be able to communicate well both orally and in writing. You will probably be aged between 25 and 30. In return we offer a competitive remuneration package.

Please apply in writing with your CV to Caroline Quinn, Personnel Officer, AMP Asset Management plc, 55 Moorgate, London EC2R 6PA.

AMP ASSET MANAGEMENT

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on
071 873 3351

Our goal is to become the best financial services company in the world. We believe five corporate values – customer focus, respect for each other, teamwork, quality and professionalism will help make Chase the provider of choice, the investment of choice and the employer of choice.

CAREERS IN INVESTMENT FUND ADMINISTRATION

Attractive salary + banking benefits • International Financial Services Centre • Dublin

The Chase Manhattan Corporation, with over $100 billion in assets, is a global financial services company accessing all the important world markets for clients as they raise capital, invest, move and manage their financial assets.

Chase Manhattan Bank (Ireland) plc, a wholly owned subsidiary, has an established unit operating in the Dublin International Financial Services Centre. Continued and sustained growth has led to a number of challenging opportunities at all levels within the organisation, for people who wish to return to Dublin to pursue a career in offshore funds services.

INVESTMENT FUND ACCOUNTING

Responsibilities will include the regular production of net asset valuation and financial statements on our client fund portfolios.

To qualify, you will have a good foundation in accounting for investment instruments and income, and fund expenses. Experience in the process of reconciling accounting records and positions with the custodian is essential.

GLOBAL CUSTODY CLIENT SERVICE ADMINISTRATION

Responsibilities will include the delivery of a quality custodian service to our clients, ensuring that settlements, portfolio services and enquiry resolution are provided to the highest levels.

To qualify, you will have a knowledge of international securities settlement, combined with experience in a global custody environment with regular client contact.

A competitive compensation package will apply including subsidised mortgage, non-contributory pension and health insurance.

Please send detailed curriculum vitae, including present salary, in confidence to: Human Resources Manager, Chase Manhattan Bank (Ireland) plc, La Touche House, International Financial Services Centre, Custom House Docks, Dublin 1. Fax: 010-353-1-670 0879. Closing date: 25 May 1994.

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.℠

CHASE

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Attractive salary + car + benefits

Murray Johnstone Limited is one of Scotland's leading investment management groups, currently managing assets of around £5 billion. Our wide range of products include Investment Trusts, Unit Trusts, Pension Funds, Venture Capital and Private Clients.

We are now seeking someone experienced in European company analysis and/or portfolio management to join our European department. Reporting to a Director, you will be joining a small, but very experienced team, and you will have significant portfolio responsibilities from the outset. The role will also include client and new business presentations, involvement in, and contributing to, strategic matters.

Educated to degree level or equivalent, ideally aged 28 to 32, you will also be professionally qualified; proficiency in one or two European languages would be advantageous. In return, we offer a very competitive salary, together with the benefits you would associate with a successful financial services company.

Please reply in confidence, giving brief but comprehensive details to Chris Jackson, Director – Corporate Services, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

MURRAY JOHNSTONE

A member of IMRO.

W I CARR (FAR EAST) LTD

THAILAND EQUITY SALES

W I Carr, a leading international stockbroking house specialising in Asian Equities, is looking for a motivated individual to join its well-regarded Thailand institutional sales desk to be based in Singapore:

- Opportunity to cover other emerging markets
- Covering clients in Singapore and overseas
- Willingness to travel reasonably often to maintain knowledge of markets and stay in touch with client base.

The candidate should have at least two years' exposure to Thailand, either in sales, research or fund management. This position requires an in-depth knowledge of Thailand listed companies and the economy. Remuneration will be attractive and competitive. Knowledge of other emerging markets would be an added advantage.

Please send your CV to:

Mary Spanner, Personnel Dept.,
W I CARR (Far East) London
122 Leadenhall Street, London, EC3V 4QH

W I CARR
Banque Indosuez Group

EDITOR/COMMUNICATIONS AE

Marketing Communications consultancy, based near Frankfurt Airport and serving clients throughout Europe, requires an experienced editor or communications account executive.

English mother tongue is mandatory. Excellent writing capability is a prerequisite, in addition to fluency in one or two additional languages (German, French or Spanish).

Candidates must be proficient in:

- Analysing complex client issues (technical or business)
- Structuring communications objectives and priorities coherently
- Advising management and obtaining consensus on strategy
- Devising cost-effective communications programs
- Implementing agreed actions within budgets and deadlines.

PC literacy is required (word processing, DTP, spread sheets).

Clients served are in the consumer durables, capital goods, industrial components and service sectors.

If you are 25 to 30 and can imagine being part of a small professional team working in unconventional premises (water mill), please mail or fax your CV and picture to:

CARAPETYAN & KRÄMER
INTERNATIONAL MARKETING COMMUNICATIONS
P.O. Box 10 22 28
D-63268 Dreieich bei Frankfurt
Fax (49) 6103 - 65465

THE BANK OF NEW YORK

ADR CLIENT ADMINISTRATION

The Bank of New York, the leading securities processing bank in the United States, is seeking to recruit an individual for a position in the Depositary Receipt (ADR/GDR) client support team in London. We have over 120 corporate ADR clients in the UK, Europe and Africa. The additional team member will take responsibility for European clients and together with New York based Client Administrators, will be the first point of contact with ADR/GDR clients in our time zone.

Educated to 'A' level and/or Degree standard, your experience should include a minimum of three years in a Financial Institution with exposure to securities settlement systems, familiarity with international capital markets and experience in dealing with clients. You should also be self-motivated and a confident communicator. Particular attention will be given to candidates possessing European language skills (German preferred).

Competitive salary and benefits package offered. Written applications ONLY please, including full CV to: Maria Gigli, Personnel Officer, The Bank of New York, 46 Berkeley Street, London W1X 6AA.

MARKETING TO THE MIDDLE EAST

International Cross Border Finance

Our client is a leading international bank which has shown considerable success in building up Cross Border Finance activities worldwide. The Bank is taking a uniquely creative approach to successfully finance key European exporters dealing with countries all over the world thereby minimizing its country risk exposure.

The expanding Cross Border Finance Division seeks to recruit an experienced Commercial Banker as an Assistant Vice President/Vice President Relationship Manager for the Arab speaking countries.

The ideal candidate, preferably with Arabic mother tongue, has ideally grown up in a multicultural environment and should have a strong analytical background in order to evaluate financial risks with strong emphasis on credit and trade financing.

In partnership with other members of the multinational team he shall be responsible for structuring Cross Border Finance transactions, acquisition of new commercial transactions including consulting and financial engineering.

At least three to five years directly relevant experience is required.

The ideal candidate will be totally familiar with the business culture of the Arab speaking countries and must be prepared to be located in Continental Europe.

The remuneration package will be adequate to attract the right candidate and shall include an attractive bonus scheme.

If you have these skills and expertise required and are motivated by the inherent challenges to work in a multinational team, please call Birgit Wilde at MRI on (0049) 61 72/18 02 28 (Germany) or send full career details quoting reference to Birgit Wilde at

MRI, Postfach 19 06, 61289 Bad Homburg v.d.Höhe, Germany

MRI Unternehmensberatung

BUSINESS MANAGER LONDON & MOSCOW

We are a young and aggressive trading company operating in North America, Europe, the Far East, and the "CIS Countries". We urgently require a dynamic and resourceful Business Manager to be based in the London office, and to develop the business of the Company generally, and, in particular, in Russia and North America.

The Applicant will need to demonstrate a fluency in English and Russian. Previous work experience with companies based in the CIS is a must. Applicants should also maintain a sound knowledge of and experience in computers and IT.

The ideal age will be late twenties to early thirties. The applicants must be motivated, a self-starter, and able to travel. An MBA, or an equivalent degree holder is preferred. The remuneration package will be generous but depend upon age and experience.

Please apply to Box A2025, The Financial Times, One Southwark Bridge, London SE1 9HL.

Portfolio Management

Do you enjoy client contact and managing your own department, but hate the train journey?

Leading East Anglian Solicitors require experienced 40+ person to run new portfolio management division and ancillary financial services.

Please write to Box A2022, Financial Times, One Southwark Bridge, London SE1 9HL

QUANTITATIVE ANALYST

PosTel Investment Management Limited is the investment manager for the British Telecom and Post Office Staff Superannuation Schemes with assets under management in excess of £26 billion.

We are seeking to appoint an analyst to our Economics and Strategy team to apply quantitative methods to strategic and tactical asset allocation, to portfolio selection and maintenance and to risk management in general. Working with a Senior Quant the successful candidate will also be involved in developing new quantitative approaches to portfolio management and will assist in advising both active and passive equity managers.

Applicants should be graduates with appropriate qualifications in finance, including modern portfolio theory and statistics. Good written communication and interpersonal skills are essential. Work experience of 2-3 years in an investment management field is an advantage.

A competitive salary is offered plus bonus, and benefits including mortgage subsidy. Please apply in writing with full details, personal and career, to:

POSTEL

Sheena Gibson, Personnel Manager
PosTel Investment Management Limited
Standon House
21 Mansell Street
London E1 8AA

WOULD YOU LIKE TO DEAL WITH THE WORLD?

Just think of how it co[illegible] working for a comp[illegible] technologies, co[illegible] turnover of ov[illegible]

Within Philips Finance [illegible]eign Exchange Management group, as pa[illegible]reasury department, is responsible for hedging, short term fina[illegible] activities and cash management for the vario[illegible] Units all over Europe. As such, the group[illegible] player in the international financial ma[illegible] lenges include minimising the groups financia[illegible] taking advantage of market opportunities.

To optimize performance in this exhilarating international environment, the group is actively seeking a highly qualified teamworker to join as

JUNIOR DEALER

Your function

As part of the team effort to raise the financial awareness of the entire Philips organization you will deal with and advise the treasurers of the various International [illegible]ons and Business Units. Other key areas of [illegible]y include Forex and Interest rate manage[illegible]ich calls for a clear measurement of all risks taken [illegible] European Treasury center, daily actions on the finan[illegible] markets and recommenda[illegible] on strategic positions.

Your profile

You have a [illegible]dealing expe[illegible]bank or a lar[illegible] range of products, [illegible]X options, money market [illegible] rate options. You are familiar [illegible] are fluent in English, and in Dutch or [illegible]an. Above all, you are a self-motivated team [illegible] an avid interest in financial marketdevelopments.

Your application

If you think you can satisfy the deman[illegible]position, [illegible]ks to: [illegible] 5600 MD Eindhoven, The Netherlands.

PHILIPS

SALES EXECUTIVES -

Financial Marketing Investor Relations

Substantial package + benefits — London Based

Technimetrics is a global provider of customised information to the corporate and financial markets. Our clients include household names worldwide who rely on our research to reach their target audiences.

As our markets expand, we aim to recruit additional sales professionals to cover the UK, France, Germany and South Africa. Successful candidates will be degree educated, entrepreneurial in spirit, goal orientated and computer literate. Fluent French or mother tongue German will be a prerequisite for two of the positions. A minimum of three years business to business marketing experience would be a distinct advantage.

Candidates will be expected to travel frequently to their markets, and the work will focus on:

- New business development at senior executive level
- Account management to maximise customer satisfaction and profitability.

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ACCOUNTANCY COLUMN

A conservative view from the north side

Andrew Jack suggests Coopers & Lybrand's new chairman will seek organic rather than radical change

Two expensive arch-roofed, high-technology structures stand facing each other in central London. Both sit on the River Thames, on opposite banks. Both span railway tracks. The similarities do not end there.

On the south side is the temporary terminal for the long-postponed Channel Tunnel, trial runs of which began this month.

On the north side is Embankment Place, British headquarters of Coopers & Lybrand, the UK's largest accountancy firm, which acquired a new boss at the start of this month.

Judging by the views of Mr Peter Smith, Coopers' newly-appointed chairman, his organisation is as likely to be subject to lengthy delays without change as is its neighbour.

Sitting last week in his office overlooking the Thames and reflecting on his first few days, Mr Smith lists themes familiar to his firm and those of his competitors, rather than providing any hint of radical change in the coming months. "You won't suddenly have people here with pink-spotted ties," he says.

Smith was elected late last year to a five-year term (which he hopes will be renewed) in Coopers' first contested battle for the top job in the firm. He joined in 1967 after gaining a degree in economics from Southampton University, became a partner in 1975 and rose to become head of the London office in 1989.

He is politically active, holding several jobs with the Beaconsfield Constituency Conservative Association and is lead partner for the firm's work as auditor and adviser to Conservative Central Office.

Internally, he puts forward three objectives for Coopers during his time in office: being the best; remaining a full service firm rather than concentrating on niches; and bringing together multi-disciplinary teams organised around business sectors so that "it is the client who is supreme".

He says he will not have been judged to have done his job unless the firm expands at a greater pace than the forecast rate of growth in the UK economy of 2 to 3 per cent a year. He also aims to "grow profits".

Smith's approach sounds very similar to that of many of his rivals. The question is whether he can achieve it better in an enormous, and some say unwieldy, organisation of 700 partners, which last year reported fee income down 4.2 per cent to £553m.

The stronger international networks are epitomised by Arthur Andersen's single worldwide organisation, and echoed in recent restructurings by Price Waterhouse and Ernst & Young. The "industry-facing" groups have already been most prominently adopted by KPMG Peat Marwick.

There are some distinguishing characteristics. Smith suggests that Coopers will have "priority markets" where it believes there will be greatest growth, including telecoms, insurance, retailing and the regulated industries.

He also highlights (like the Andersen organisation) what he calls "human resource advisory services", providing actuarial and personal tax advice, and other management services related to the installation of new systems and corporate restructuring.

"There was a period when there was an element of jumping on the bandwagon – that if you don't do this you may lose your position," he says. "Now we are looking for growth in key markets. The 1990s is going to be distinctly different."

The success of Coopers' strategy will partly depend on Smith himself, who highlighted the results of a personality test he had taken in a manifesto circulated to his partners during his election contest last year.

The test classified him as "introverted sensing with thinking", characterised among other things as: "Serious, quiet, matter-of-fact, logical, realistic and dependable. Make up their own minds as to what should be accomplished and work toward it steadily regardless of protests and distractions".

In the manifesto, which he described as a "Maoist style self-criticism", he said he had worked to improve his listening skills since the test, but warned that he could be "tough and decisive when the need arises".

Smith argues that there will be growing differentiation between the large accountancy firms, as they gravitate into markets where the competition comes from non-accountants. This will make fee income tables comparing the firms meaningless.

"The old measuring points are beginning to be a bit redundant. They are a bit of a pig's breakfast at the moment. I don't see that it makes sense to aggregate high level intellectually-based consultancy services with hangers of people running computers," he says.

Internally, he is fostering more work to develop non-financial indicators to assess performance. "Financial numbers have become totems. I am anxious to avoid the feeling that people are driven by the need to sell services. Otherwise they get very close to being double-glazing salesmen."

One transformation he emphasises is the growing dominance of technology within Coopers. "The service firms poured millions of pounds into technology but it's very unclear whether they gained advantage in internal management. The secretarial resource level is as it was."

He says Coopers has signed agreements for the development of customised software to support its work in areas such as tax and auditing. He wants to see all working papers put on computer.

Smith sees no return to the "profligate" 1980s when people were collected by the firms, but he expects recruitment of students more closely tied to the firm's objectives to begin rising gently again, coupled with a commitment to greater training.

Organisationally, he says there are no plans for a change in the number of offices around the UK, but he predicts that each will become less a fiefdom in its own right with most services provided regionally.

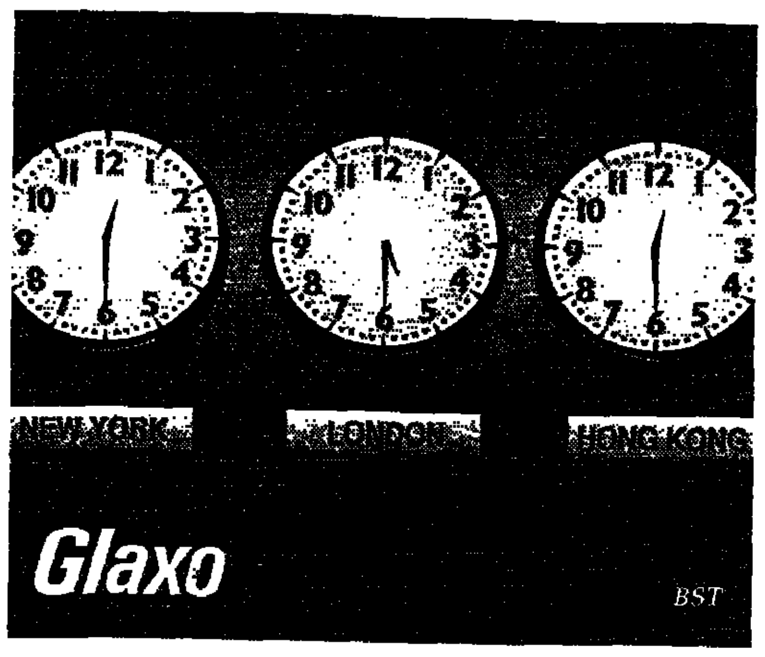
On two of the firm's more notorious episodes in recent years, Smith is defensive. Last month Coopers was issued with writs by the administrators to Maxwell Communication Corporation in connection with its audits of the company for 1987 and 1989.

"We have done our reviews. We are content with the work that was done," he says. "The joint monitoring unit [the audit regulators] has reviewed certain parts of our business and concluded that nothing requires rectification. They probably found the odd thing but have not cast any doubt on our underlying procedures. I have no problem with the quality of the Coopers audit."

Two Coopers partners were also reprimanded by their professional body for accepting the administration of Polly Peck International when the firm was already working for the company and Mr Asil Nadir, its former chairman.

"Our conflict of interest procedures at the time of the merger [with Deloitte Haskins & Sells] didn't give us the information that was necessary," he says. "We are in compliance to the full now. I don't think it impinges in any way on the firm's integrity."

That leaves Smith with two more public campaigns. The first is his support for the big firm's call to limit their liability in audit negligence lawsuits. The second is his desire to restore judgment to a profession being driven by an increasing number of rules, notably in accounting standards – two issues that will be welcomed by his accounting competitors.



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Save & Prosper Group, part of the Flemings International Merchant Banking Group, is one of the UK's leading providers of financial products including life assurance, pensions, high interest bank accounts, unit trusts and personal equity plans.

With record profits and sales recorded in the last financial year the challenges for the future will be to capitalise and build upon our successes and commitment to quality against a backdrop of tough competition and increasing regulatory pressures.

Minimising tax liability and proactive development of tax-efficient products are pivotal to our future investment growth plans in the U.K. and Europe. We are therefore seeking to appoint an individual of the highest calibre as **Head of Taxation.**

Reporting directly to our Finance Director and with overall responsibility for the Group's taxation strategy the role will encompass all aspects of UK and European tax as it impacts on our business goals. In addition the successful candidate will make a significant contribution to product development and will have the capacity to impact the development of our business activities by combining a hands on yet influential approach with commercial awareness, lateral thinking and professional expertise.

Candidates will typically have a degree and either a relevant professional qualification or Inland Revenue professional training and will be able to demonstrate the ability to bring a high level of both financial and commercial expertise to the organisation. These qualities will be combined with excellent communication and interpersonal skills and the maturity and integrity to operate at a senior management level. Financial services sector experience would be advantageous.

Salary and benefits package is commensurate with the seniority of the position and your ability to influence and maximise business development opportunities. Candidates should write enclosing a detailed curriculum vitae with salary details to Keith Nicholson, Group Personnel Manager, Save & Prosper Group Ltd., Sovereign House, 16-22 Western Road, Romford, Essex, RM1 3LB. Tel 0708 766966

SAVE & PROSPER
THE INVESTMENT HOUSE

TYNESIDE HI-TEC CAPITAL GOODS INDUSTRY c.£40K PLUS BENEFITS

FINANCIAL CONTROLLER
(DIRECTOR DESIGNATE)

We are a private company with all functions located at one site in the UK. We export over 90% of our product and maintain sales and service operations in key markets. Turnover has doubled to £40 million since 1991 and we expect to maintain this rate of growth. Our strategic aim is to reach 1999 acknowledged as a truly world class business, whilst continuing an enviable record of strong profitability.

To strengthen the management team and help us achieve these demanding targets, we are seeking a Financial Controller who will dedicate him or herself to the business and be passionate about cash and profit improvement. To be a success here you will need to be comfortable with a hands on and no nonsense approach, an open management style and lean organisational structures.

Reporting to the Managing Director you will assume responsibility for maintaining and improving financial controls and developing an aggressive cost reduction team. Your role will not be confined however, and as a key member of an operating committee running the day to day affairs of the business you will be expected to help drive a programme of continuous improvement aimed at delighting our customers.

You will need to demonstrate a high degree of technical competence and combine a strong commercial acumen with a sensitivity to customer requirements.

In return we offer an excellent salary combined with a range of first class benefits and opportunities exist for career progression within our exceptionally exciting and dynamic environment.

Interested applicants should send a comprehensive CV and covering letter to: GC Gibbon, Human Resources Manager, Bonas Machine Company Limited, Team Valley Trading Estate, Dukesway, Gateshead, Tyne and Wear NE11 0LF.

INVESTOR IN PEOPLE

Bonas

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Finance Manager

£35,000 + Car + Benefits   Bristol

This leading Friendly Society has provided its national client base with life, health and sickness insurance, together with a range of investment services, for over 125 years. The Society now manages property and equity investment assets in excess of £100m.

The present Finance Manager has worked with the Society for many years and is nearing retirement. As a result, a Finance Manager is required to work alongside the incumbent, gradually taking on full responsibility for the Society's financial affairs. In the interim, the successful applicant will be responsible for enhancing the computerisation of accounting and for preparing the first formal documentation of the Society's procedures.

A mature qualified accountant, you are likely to be working in a regulated financial services organisation, ideally with a friendly society, building society or insurance company. You will have managed a small team in a computerised environment, and you may have had involvement with investment related matters. You will be most comfortable working as part of a team, co-operating rather than competing. Conscientious, accurate and methodical, you are used to working within defined policies and procedures.

Interested applicants should write, with full CV and remuneration details, quoting reference D/0048, to:
Mark Hartshorne, Executive Search & Selection,
Price Waterhouse, 19 Cornwall Street,
Birmingham B3 2DT.

VSEL

Head of Internal Audit

£35,000+, CAR

CUMBRIA

VSEL needs little introduction. It is one of Britain's foremost engineering plcs employing over 6,000 people and has a turnover of £400m.

This important career opportunity has arisen through the appointment of the present Head of Internal Audit to a senior financial management role within the group. It is a position which reports to the Group Finance Director with a functional responsibility to the Board Audit Committee. Emphasis will be on management audit with the role very much project orientated, and an immediate and significant contribution to enhancing management and financial controls will be sought.

Applicants will be graduate accountants with extensive audit experience gained either in the profession or industry. They will see this as an opportunity to join a progressive and rapidly changing group with many career options.

Fringe benefits are excellent and include a generous relocation package to this attractive part of the country.

Please send a comprehensive CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref. F.T.1003.A.

Howgate Sable
SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

Major US Multinational

European Tax Manager

Circa £90k Package   South East England

The company's business is global, with a very diverse range of activities in the US and internationally. These include trading, food processing, transportation, commercial and financial operations. The European business is large-scale and spans both Western and Central/Eastern European countries.

THE APPOINTMENT

- Reports to the Controller Europe.
- Development of innovative tax strategies for Europe.
- Manage European tax compliance, and take leadership role in tax planning for operational units.
- Assess tax implications of investment opportunities.
- Tax advice to the rapidly growing financial trading operations.
- Liaison with US corporate tax counterparts.

THE REQUIREMENTS

- Substantial experience in European corporate tax matters; understanding of financial trading markets.
- Accounting or legal background most probable, computer literacy desirable.
- Knowledge of US tax principles.
- Career experience gained within or advising to large multinational companies.
- Strong personality, but team player.
- Probable age range mid 30s to mid 40s.

Please apply in writing with a full CV and salary details, quoting reference 90500/D, to Donald Macleod.

K/F Associates, Regent Arcade House, 252 Regent Street, London W1R 5DA

K/F ASSOCIATES
Selection & Search

Finance Manager

c£25,000
PLUS CAR

KINGS LYNN

The Construction Industry Training Board is a statutory body established by an Act of Parliament, to provide training to a standard commensurate with the present and future needs of the UK's construction industry. Now operating in its 30th year, the CITB provides an extensive support service to construction companies for their employees.

Applications are now invited for this new post within the Directorate of Finance and Information Systems. Reporting to the Assistant Director, Finance, the successful candidate will manage the recently created Finance Department of 50 staff which covers all financial and customer accounting functions, including a significant levy/grant operation. The immediate challenge will be to review the Department's direction and structure, whilst establishing operating procedures to BS5750 standards where necessary. In the longer-term, the task will be to establish service level agreements with clients' departments and other customers, within a Total Quality Management environment. The Board is currently moving away from mainframe computers to open systems and the successful candidate will have the opportunity to fully participate in the development of new business software.

Applicants will be fully qualified, computer literate accountants, who can demonstrate an ability to manage change in all its aspects. Experience in the construction industry is of prime importance. Essential personal qualities include initiative, energy and enthusiasm, together with the ability to both lead the Department and motivate staff through a period of significant change.

Please send a comprehensive CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref. F.T.1002.K.

CITB
CITB is an equal opportunities organisation

Howgate Sable
SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

REUTERS REUTERS REUTERS REUTERS

Project-driven roles with a worldwide brief for recently-qualified ACAs

INTERNATIONAL FINANCE EXECUTIVES

Excellent package · London based

With its advanced range of real-time systems, transactions and historical products, Reuters is the leading information provider to the world's financial marketplaces.

To meet the needs of this rapidly expanding Group, we are looking for newly qualified ACAs to strengthen our high-profile finance team and undertake a variety of international project-based assignments.

The work will be demanding but intellectually rewarding, with a wide brief to provide effective, relevant and timely advice to senior management on a dynamic range of issues. Responsibilities will include the evaluation of new acquisitions as well as monitoring the continued integrity of the Group's internal control infrastructure.

These widely visible roles are acknowledged as excellent entry points for outstanding professionals looking for moves into other areas of the business either in the UK or overseas.

Successful candidates are likely to be 'Big Six' trained with impressive academic credentials and practical experience of working on large international clients. An understanding of auditing in a computerised environment is essential, while involvement in special projects work would be an advantage.

In addition, candidates will possess outstanding communication skills, strong personal motivation and demonstrable versatility and maturity. A readiness for considerable international travel is essential.

The career prospects are outstanding and the package on offer includes six weeks' holiday, health cover and an opportunity to participate in the Reuter SAYE Share Option Scheme.

For further information please contact, in strict confidence, Robert Walker or Paul Marsden on 071-287 6285 during office hours. Alternatively, forward a brief resumé to Walker Hamill at 29-30 Kingly Street, London W1R 5LB, quoting reference RW 1409. Any applications submitted directly to Reuters by third parties will be forwarded to Walker Hamill.

Reuters is an equal opportunities employer.

REUTERS

WALKER HAMILL
Executive Selection

REUTERS REUTERS REUTERS REUTERS

Financial Controller

Victoria — *Attractive Package*

ESN Pension Management Group Ltd manages pension fund assets in excess of £12 billion on behalf of the Electricity Supply Pension Scheme, as well as offering full discretionary fund management to pension funds generally.

You will be responsible to the Financial Director for the whole of the Group's accounting functions and for funds under management which are held in a series of "unit trusts" for the Electricity Supply Pension Scheme. This will include management accounts, financial accounts, financial appraisals, taxation, treasury, maintenance of operating controls and introduction of IT systems.

A professionally qualified accountant with experience at senior level, you should possess the management and interpersonal skills required to succeed within a fast-moving environment. A major part of the work of the Financial Controller over the next two years will be managing the impact of the changes occuring in the Stock Market with the introduction of rolling settlements and CREST. Probably aged 30-45, you are unlikely at present to be earning less than £35,000 per annum.

If you believe that you have the necessary experience and drive and would like further information, please contact Mr W.B. Matthews, Finance Director, on 071-917 9006. Alternatively, send your full CV with details of present salary to him at 110 Buckingham Palace Road, London SW1W 9SL.

ESN

Merrill Lynch

FIXED INCOME - PRODUCT CONTROL

CITY — £ EXCELLENT

Merrill Lynch is a leading investment banking and securities firm with an established and significant presence in all the world's major markets. For the last five years, the company has consistently held the number one position as the largest lead underwriter of debt and equity securities worldwide. The fixed income business, principally involved in Government Bonds, Eurobonds, OTC Options, Repos and Futures, is currently experiencing a period of rapid growth. As a result, a number of outstanding opportunities for experienced professionals have arisen.

FIXED INCOME CONTROLLER

Supervising a team of product accountants you will be responsible for:

- All aspects of Fixed Income control, reporting and accounting
- Providing extensive liaison with the Trading Desks and Support Functions
- Further strengthening risk and financial controls through the continuous enhancement of systems and procedures
- Demonstrating an ability to identify possible areas for improvement and increased efficiency.

Applications for this position are invited from individuals with 3-5 years' Fixed Income experience gained from within a leading financial institution. In addition you will be a qualified accountant.

NEWLY/PART-QUALIFIED ACCOUNTANTS

Working within an integrated team of professionals you will undertake the following responsibilities:

- Profit and Loss Reporting
- Risk Analysis
- Mark-to-Market verification
- Review of daily cost of carry
- Systems enhancement and development

For these positions, graduates possessing or currently working towards the ACA, ACMA or ACCA qualification will be of interest. It is envisaged that you will have a minimum of 1 years' Fixed Income experience gained either from within the industry or a "Big Six" accountancy firm.

Excellent communication and interpersonal skills are a prerequisite for all positions. Furthermore, you will possess the energy and drive to progress rapidly. For ambitious, motivated individuals, excellent career prospects are available throughout the organisation. Remuneration will include a competitive basic salary, bonus scheme and benefits package. Interested candidates should call David Twiddle on 071-379 3333 (fax 071-915 8714) or write to him enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.

ROBERT WALTERS ASSOCIATES

Anglian Water

TAXATION MANAGER

Huntingdon
c. £41,000 + car

Anglian Water has a turnover in excess of £700m, serves over 5 million customers in the UK's fastest growing region, and is rapidly developing its portfolio of overseas businesses as profitable outlets for its expertise.

Reporting to the Director of Financial Services, you will be responsible for tax management and planning throughout the Group. You will also ensure compliance with all aspects of tax regulations and optimise financial benefits to the business in all tax liability areas.

You should be a seasoned professional with around ten years' experience of wide ranging tax compliance/planning. Evidence of strengths in Corporation Tax and VAT and dealing direct with regulatory authorities is essential. A professionally qualified accountant, you should be a member of one of the leading institutions within CCAB.

Benefits are as expected of a major organisation and in addition to the quoted salary, bonus and car, include private medical cover, pension and life assurance and assistance with relocation if necessary.

To apply please send your CV to our consultant, Neil Sampson, Senior Consultant, Austin Knight (UK) Limited, Knightway House, 20 Soho Square, London W1A 1DS quoting reference A459. Telephone: 071 439 5743. Fax: 071 439 5744.

CHARTER MARK

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on 071 873 3351

Financial Controller

City — c£40,000 + car

Our client is a small, high-profile, not-for-profit organisation with strong commercial and City links. Established in 1992, it provides a wide range of services for companies and individuals including conferences, seminars and publications. Its current revenues are around £2m.

The Financial Controller will report to the Chief Executive and be a key member of the senior management team. The brief will be to develop a well-controlled finance function, producing timely management information and supporting the Board in its business planning. Key tasks will be to upgrade the systems, improve project costing and manage the cash flow and treasury requirements. You will also act as Company Secretary and work closely with the Chief Executive on one-off projects.

Candidates should be qualified accountants of graduate calibre, ideally in the 28-35 age range. They should have strong experience of reporting and control, preferably gained within a service/retail business, and be comfortable in a small but fast-moving environment. We are seeking an energetic, flexible team-player with top-level credibility and the ability to introduce and manage change.

To apply, please write with full CV and current salary package, quoting Ref: A54D81, to Paul Carvosso, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Finance Director

South West — to £55,000, car, bonus, benefits

Outstanding opportunity for commercial finance professional to make substantial impact on the operating performance of a c£30m turnover multi-site profitable principal subsidiary of a highly regarded UK publicly quoted group. Integral member of an executive team focused on maximising ongoing profitability in a competitive fast-moving consumer goods environment.

THE ROLE

• Complete responsibility for finance and IT functions to ensure accurate, timely financial reporting and control, and efficient planning mechanisms to maximise business performance. • Lead, motivate and develop staff. Enhance production planning, forecasting and modelling techniques. • Key member of management team with full involvement in strategic direction and general management of business. • Develop new integrated manufacturing and costing systems.

THE QUALIFICATIONS

• Qualified Accountant. Aged 33-40. Previous experience of manufacturing in a 'Blue-Chip' F.M.C.G. environment. • Excellent man-manager, communicator and team player. Persuasive and action-centred style that achieves results. • Proven track record of successfully managing a major finance function through a period of growth and change. • Extensive awareness of systems applications and their contribution to profitability within sophisticated high volume manufacturing business.

Please reply in writing to BHM Search & Selection, 4th Floor, Emco House, 5/7 New York Road, Leeds LS2 7PL enclosing a full curriculum vitae and quoting Reference BHM 10077. Closing date for receipt of applications is 20th May 1994. Telephone 0532 467033. Facsimile 0532 433691.

BHM
SEARCH & SELECTION

Coopers & Lybrand | Executive Resourcing

Company Secretary

NORTH MIDLANDS — c£45,000 + BENEFITS

This successful £100m industrial products manufacturer is planning a Stock Exchange listing in the autumn of this year. The group has a reputation for quality products and some 60% of its sales are overseas.

There is now a need for a full-time Company Secretary to participate in the flotation process and to perform the full range of Secretarial duties thereafter. These duties will include all statutory requirements, pensions, insurance, property, licensing and patent agreements, employment, and all legal matters generally. As indicated, there will be a significant international flavour as many of the business units are located overseas. Acquisition experience would be useful.

You will be a qualified Company Secretary or Solicitor with a sound track record in the role of Company Secretary in a commercial group. Your communication skills should be excellent and you should have a commercial approach in advising the board on a wide range of matters.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE268 on both envelope and letter.

...Use your business management expertise, to define and meet the information needs of a major motor manufacturer...

European Business Management Consultant

Motor Industry

c£38,000 p.a. + car — Southern England

Alison Associates, the leading provider of Dealer Composite information services, seeks a Management Consultant to develop the European Business Management function working on behalf of a major automotive manufacturer.

The provision of a wide range of Business Management and associated support programmes to the European Dealer Network is the primary role of this function. Dealer composite data collection has been an established and key part of our customer's franchise management process for some time. The European Business Management Consultant will be responsible for the continued development of the use, application and effective communication of BM information. This will involve a thorough understanding of the value of Business Management data at strategic decision -making level and its relevance as a signpost to performance improvement actions and measurement on a European Scale.

The successful person will be able to demonstrate proven experience in Business Management with a volume motor vehicle franchise and may have had a period working with a volume motor dealer. A professional accountancy qualification is preferred together with good PC skills. The successful candidate must possess excellent communication skills, both written and spoken in English and in at least one other European language.

The job is based in Southern England and has a starting salary of c£38,000 p.a and a company car.

If you believe your BM experience is equal to this high profile position write to:

Brian Hodges
Resource & Development
Resource House
8a High Street
Epsom, Surrey KT19 8AD

ALISON ASSOCIATES

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Gareth Jones on 071 873 3779

Andrew Skarzynski on 071 873 4054

Une occasion exceptionnelle de s'unir à la compagnie qui est au premier rang du marché

Financial Controller

Worcester — **£ Excellent Package**

My client is the European HQ of a USA owned Group and is the UK market leader in the manufacture of sophisticated, highly versatile machinery for the agricultural and construction markets.

Key to their strategy is an ambitious growth plan for mainland Europe and this has resulted in the recent acquisition of a major privately owned French company.

To support this exciting venture the company now wishes to appoint a Financial Controller who will integrate the French business into the Groups rigorous financial control and auditing regime.

Broader than a pure accounting role, the position demands a constant contribution to the general financial management of the French company and the establishment of systems and models for monthly performance reporting and statutory auditing.

The successful candidate will be an ambitious, qualified accountant aged 30-40 with excellent inter-personal skills and a determination to succeed in a competitive, manufacturing environment. In addition, it is essential that the person is fluent in both oral and written French and has an indepth understanding of both French and UK accountancy practices and procedures.

It is emphasised that this is a growing company with an outstanding future, and that every opportunity for advancement exists.

Interested applicants should send a full CV and salary history quoting reference 99/21 to: **Kevin Edge, Wetherby, Matthew Murray House, 97 Water Lane, Leeds, LS11 5QN.**

Wetherby
LONDON · BIRMINGHAM · LEEDS

ACCOUNTANT REQUIRED FOR PACKAGING COMPANY

Practical hands-on approach, with knowledge of computer systems. Preferably a finals student of a recognised accountancy qualification. Applications with current CV and salary expectations to:

Box A2019, Financial Times, One Southwark Bridge, London SE1 9HL